Comprehensive Annual Financial Report for the Year Ended June 30, 1987

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STATE OF Maryland

LOUIS L. GOLDSTEIN
STATE COMPTROLLER
ANNAPOLIS, MARYLAND 21404

STATE OF MARYLAND

COMPREHENSIVE ANNUAL FINANCIAL REPORT
for the year ended June 30, 1987
PREPARED
by the State Comptroller's Office
Louis L. Goldstein
Comptroller of the Treasury of Maryland

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STATE OF MARYLAND
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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INTRODUCTORY SECTION

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STATE OF MARYLAND
SELECTED STATE OFFICIALS

EXECUTIVE

William Donald Schaefer
Governor

Melvin A. Steinberg
Lieutenant Governor

Louis L. Goldstein
Comptroller

J. Joseph Curran, Jr.
Attorney General

Lucille Maurer
Treasurer

JUDICIAL

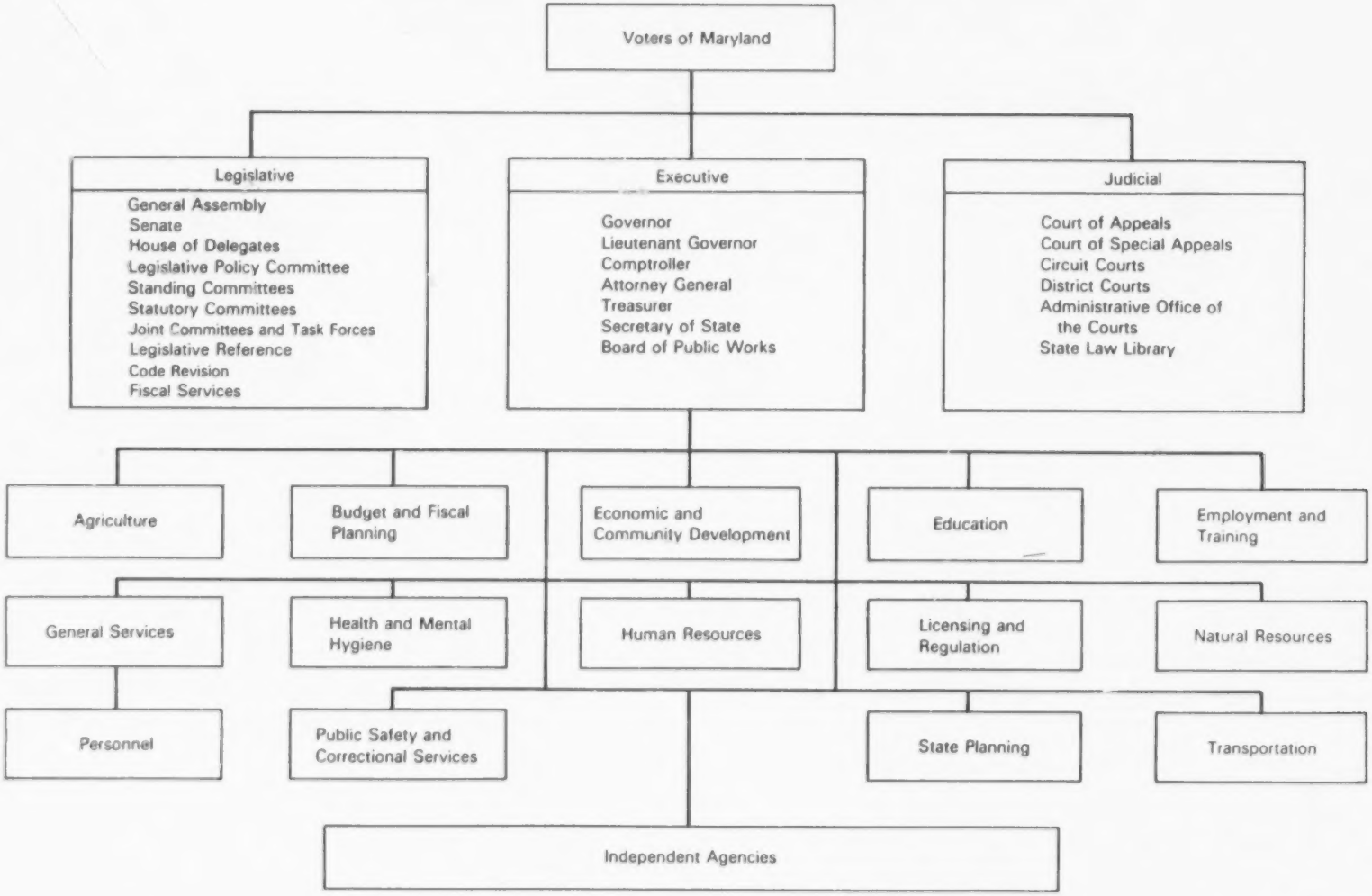
Robert C. Murphy
Chief Judge
Court of Appeals of Maryland

LEGISLATIVE

Thomas V. M. Miller, Jr.
President of the Senate
(47 Senators)

R. Clayton Mitchell, Jr.
Speaker of the House of Delegates
(141 Delegates)

ORGANIZATION CHART OF MARYLAND STATE GOVERNMENT



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Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Maryland

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1986

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to governmental units and public employee retirement systems whose comprehensive annual financial reports (CAFR's) are judged to substantially conform to program standards.

Betty Jo Harker
President

Jeffrey L. Esser
Executive Director

Louis L. Goldstein
Maryland State Comptroller

LOUIS L. GOLDSTEIN
COMPTROLLER OF THE TREASURY
LOUIS L. GOLDSTEIN TREASURY BUILDING
P.O. BOX 466
ANNAPOLIS, MARYLAND 21404-0466
301-974-3801

October 30, 1987

Honorable Members of the General
Assembly and the Governor
State of Maryland

The Comprehensive Annual Financial Report of the State of Maryland, for the fiscal year ended June 30, 1987, submitted herewith includes financial statements of the State of Maryland as well as information required by Title 2, Section 102 of the State Finance and Procurement Article of the Annotated Code of Maryland. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Office of the Comptroller. I believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the State as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the State's financial affairs have been included.

Financial and Accounting Systems

The financial statements contained in this report have been prepared in accordance with generally accepted accounting principles and have been examined by Touche Ross & Co., whose report thereon is included in this report.

Maryland maintains its accounts to conform to generally accepted accounting principles and also to comply with the legally mandated budget. Financial control is generally exercised under the budgetary system. The State recognizes the difficulties and complexities involved in maintaining dual systems, and it has formed a task force to guide the conversion of budgetary practices into conformity with generally accepted accounting practices.

The timing differences in the general fund must be evaluated by the Executive and Legislative branches to determine the method of and timing for conversion to generally accepted accounting principles. Differences in fund structure are continuing to be analyzed by the task force to determine the appropriate approach to conversion.

The financial statements include the various departments, agencies and other organizational units governed by the General Assembly and/or constitutional officers of the State of Maryland. The following criteria was utilized to determine the entity for the State of Maryland: selection of governing authority, appointment of management, constitutional officers' ability to significantly influence operations and accountability for fiscal operations and scope of public service.

General Governmental Functions

Revenues of the general governmental functions (excluding capital projects) totaled $7,545,165,000 for the fiscal year ended June 30, 1987. This represents an increase of 11.8 percent over revenues for the fiscal year 1986. Income tax, the largest source of revenue, produced 33.7 percent of general governmental revenues compared to 31.7 percent last year. The revenues (amounts expressed in thousands) from various sources and the changes from last year are shown in the following tabulation:

Revenue Source	Amount	Percent of Total	Increase (Decrease) Over 1986 Actual Amount	Increase (Decrease) Over 1986 Actual Percent
Income taxes	$2,540,426	33.7%	$399,832	18.7%
Retail sales and use taxes	1,302,463	17.2	112,860	9.5
Motor vehicle taxes and fees	794,946	10.5	53,006	7.1
Other taxes	751,081	10.0	109,314	17.0
Other licenses and fees	102,285	1.4	11,181	12.3
Charges for services	284,983	3.8	46,121	19.3
Interest and other investment income	65,436	.9	(29,028)	(30.7)
Other	174,834	2.3	1,701	1.0
Gain on exchange of securities	39,543	.5	(13,794)	(25.9)
Federal revenue	1,489,168	19.7	105,960	7.7
Total	$7,545,165	100.0%	$797,153	11.8%

Of the total income tax revenue for fiscal year 1987, $2,302,500,000 was produced by the individual income tax and $237,926,000 by the corporate income tax, representing increases of $382,080,000 and $17,752,000, respectively, compared to the prior year. The increase in individual income tax revenues of 19.9 percent over the prior year is attributable to population growth, a higher personal income level for the State's taxpayers, and a higher than usual capital gains taxable income as a result of changes to the tax rates in the Federal Tax Reform Act of 1986. The increase in the corporate income tax revenues of 8.1 percent from the prior year is attributable to the improvement in the national economy.

The retail sales and use taxes increased $112,860,000 or 9.5 percent over the previous year which is also attributable to the improvement in the national economy.

Other taxes increased $109,314,000 or 17.0 percent over the previous year which are primarily attributable to the higher than usual capital gains transactions.

Revenues from charges for services increased $46,121,000 or 19.3 percent from 1986. This increase resulted primarily from an increase in recoveries of Medical Assistance payments.

Changes in levels of expenditures (amounts expressed in thousands) for major functions from the previous year (excluding capital projects) are shown in the following tabulation:

Function	Amount	Percent of Total	Increase (Decrease) Over 1986 Actual Amount	Percent
Current:				
General government	$ 266,251	3.8%	$ 17,300	6.9%
Education	1,621,797	22.9	105,305	6.9
Human resources	680,408	9.6	6,062	.9
Health and mental hygiene	1,567,412	22.2	160,783	11.4
Transportation	486,551	6.9	(57,453)	(10.6)
Public safety and judicial	536,267	7.6	64,646	13.7
Economic and community development	39,890	.6	13,456	50.9
Natural resources and recreation	94,254	1.3	11,467	13.9
Agriculture	31,453	.4	3,544	12.7
Personnel and retirement	21,773	.3	500	2.4
Intergovernmental	551,796	7.8	143,277	35.1
Debt service	444,079	6.3	(11,801)	(2.6)
Capital outlays for transportation	726,345	10.3	131,208	22.0
Total	$7,068,276	100.0%	$588,294	9.1%

Expenditures for transportation decreased $57,453,000 or 10.6 percent from 1986 and intergovernmental increased $143,277,000 or 35.1 percent over 1986 because of expenditures being reduced for agency fund activities from transportation in 1987 versus being reduced from intergovernmental in the previous year.

Expenditures for economic and community development increased $13,456,000 or 50.9 percent over 1986 due to the state's decision to finance its contributions to the loan and insurance programs from general fund appropriations rather than general obligation bond proceeds.

Expenditures for capital outlays for transportation increased $131,208,000 or 22.0 percent over 1986 which is primarily attributable to the construction of new highways.

Operating transfers in from the capital projects fund and enterprise funds (State Lottery) totalled $2,715,000 and $332,366,000 respectively. This represents an increase in total operating transfers in of $7,997,000 over the previous year. Operating transfers out to the capital projects fund, enterprise funds, and the higher education fund totalling $489,261,000 decreased $103,790,000 from the preceding year.

The general fund unreserved fund balance at June 30, 1987 was $341,858,000 compared to an unreserved fund deficit at June 30, 1986 of $22,090,000 resulting in a positive effect of $363,948,000 during the year. This improvement was the result of revenues exceeding estimates and expenditures being less than appropriated.

Management of financial resources is exercised through the legally mandated budgetary system of the State. The budgetary system produced a positive general fund balance at June 30, 1987. For information on differences between GAAP and the budgetary system, see footnote 3 to the financial statements.

The special revenue unreserved fund balance of $136,456,000 increased $17,782,000 over the preceding year because of increases in motor vehicle taxes and fees revenues. The debt service unreserved fund balance of $137,328,000 decreased $123,864,000 from the prior year as a result of a defeasance of transportation bonds.

Debt Administration

The ratio of net bonded debt to assessed property value and the amounts of bonded debt per capita are considered to be useful indicators of the State's debt position to State management, citizens and investors. Data for fiscal years 1986 and 1987 are shown as follows:

	Amount (expressed in thousands)	Ratio of Net Bonded Debt to Assessed Value (50.8% of Present Market)	Ratio of Debt to Present Market Value	Bonded Debt Per Capita
General obligation bonds:				
1986	$2,110,075	3.18%	1.61%	$480.00
1987	2,030,415	2.78	1.41	454.84

Additionally, outstanding limited obligation bonds of the Department of Transportation amounted to $387,565,000 at June 30, 1987. Debt service on these bonds is provided principally by excise taxes levied by statute. Self-supporting revenue bonds outstanding at June 30, 1987 were $1,740,884,000. Long-term obligations for accrued retirement costs of $507,026,000 represent the excess of retirement costs over retirement expenditures since 1978 and are being funded on a long-term basis through annual contributions, principally from general fund revenue. Long-term obligations for accrued annual leave of $81,704,000 represent the value of accumulated earned but unused annual leave for general government employees at June 30, 1987.

In 1978, the Capital Debt Affordability Committee was created to study the State's debt structure and to recommend maximum limitations on annual debt authorizations. Although the recommendations of the Committee are not binding on the State's General Assembly, the amounts of annual general obligation bond authorizations for 1987 were within the limits established by the Committee. For the fiscal year 1987, new general obligation bond authorizations amounted to $230,000,000.

The following tabulation shows the general obligation bonds issued during the past three fiscal years:

State of Maryland—General Obligation Bonds

Date of Issue	Amount	Average Life in Years	Effective Interest Rate	Interest Cost Per Borrowed Dollar
September 1, 1984	$138,990,000	10.1	8.78%	88.9¢
March 1, 1986	124,585,000	10.2	6.50	65.1
July 15, 1986	164,645,000	9.9	6.68	66.0

Since June 30, 1983 the State has redeemed more general obligation bonds than it has issued, resulting in a decline in general obligation bonds outstanding of $379,475,000.

Maryland's general obligation bonds have been rated Aaa by Moody's Investors Service and AAA by Standard and Poor's for a number of years.

Additionally, limited obligation bonds issued by the Department of Transportation and self-supporting revenue bonds issued by enterprise agencies amounted to $140,590,000 and $360,345,000, respectively, during 1987.

Cash Management

During the year, temporary surpluses of cash in general governmental funds were invested in repurchase agreements and U.S. Treasury and agency obligations with maturities ranging from one to 181 days and in time deposits ranging from 180 to 365 days. For the fiscal year ended June 30, 1987 the State's cash resources for general governmental funds were invested as follows: in repurchase agreements, 82.7 percent; in United States Treasury and agency obligations, 17.0 percent; and in certificates of deposits, 0.3 percent. The average yield on maturing investments during the year was 6.4 percent, as compared to 7.6 percent in the prior year, and the amount of interest received was $65,436,000, which was $29,028,000 less than the previous year.

Capital Projects Fund

Proceeds of general obligation bond issues are accounted for in the capital projects fund. Completed projects and uncompleted construction in progress at year end which are assets of the State are capitalized in the general fixed assets account group, the appropriate enterprise fund for self-supporting projects or the higher education fund. During fiscal year 1987, state projects costing $134,290,000, were completed. State grants for capital projects of local governments and other public organizations amounted to $138,724,000 in the fiscal year, an increase of $50,085,000 over 1986.

Authorized but unissued general obligation bonds at June 30, 1987 totaled $935,032,000.

Enterprise, Fiduciary, and Higher Education Funds

All enterprise funds with the exception of Maryland Deposit Insurance Fund Corporation reported retained earnings at June 30, 1987. The Maryland Environmental Service and Maryland Deposit Insurance Fund Corporation reported a decline in retained earnings during the year. Overall retained earnings for enterprise funds declined during 1987 by $78,658,000 as compared to an increase of $172,002,000 in 1986.

Fiduciary fund types include expendable and nonexpendable trust funds, pension trust fund, and agency funds. Agency funds are custodial in nature and do not report fund balances. All other fiduciary fund types reported fund balances of $6,823,680,000 at June 30, 1987, as compared to $5,879,235,000 at June 30, 1986.

The total fund balance for the higher education fund was $1,285,332,000 at June 30, 1987, as compared to $1,231,362,000 at June 30, 1986.

General Fixed Assets

The general fixed assets of the State are those used in the performance of general governmental functions and exclude the fixed assets of the proprietary fund type, fiduciary fund types and the higher education fund. As of June 30, 1987, the general fixed assets of the State amounted to $3,443,320,000. This amount represents the actual or estimated cost of the assets. Depreciation of general fixed assets is not recognized in the State's accounting system. Infrastructure assets, consisting principally of highways, roads and bridges are not recorded in the general fixed assets.

Audits

The statutes of the State require an audit of every unit of the Executive and Judicial branches of government, including the Comptroller of the Treasury's records, by the Legislative Auditor at least every two years. The Legislative Auditor is required to be and is a certified public accountant. The Legislative Auditor makes fiscal, compliance and performance audits of the various agencies and departments of the State and issues a separate report covering each of those audits. Although certain of those reports include presentations of detailed financial data and contain expressions of opinion thereon, the audits are usually not made for that purpose. The primary purpose of the reports is to present the Legislative Auditor's findings relative to the fiscal management of those agencies and departments.

Additionally, my office requires an examination of the State's general purpose financial statements by a firm of independent certified public accountants selected by an audit committee composed of members from the Executive and Legislative branches of State government. This requirement has been complied with, and the auditor's opinion has been included in this report.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Maryland for its comprehensive annual financial report for the fiscal year ended June 30, 1986.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

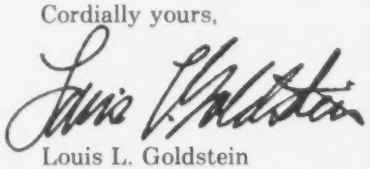
Outlook

Economic conditions are favorable and continued expansion is expected during 1987 and 1988, thus indicating favorable revenue prospects for the 1988 fiscal year. Rising employment and income within the State should ensure that general fund revenues will grow at a rate consistent with budgeted general fund expenditures during the 1988 fiscal year.

General fund revenues will be increased by provisions of the Federal Tax Reform Act of 1986, which will expand the individual and corporate income tax bases in tax year 1987 and thereafter. These gains will be partially offset by state legislation which increased the personal exemptions and standard deductions claimed on individual tax returns filed for the 1987 and subsequent tax years. Additional revenues have also been recognized in fiscal year 1988 as a result of implementing a tax amnesty program.

I will be please to furnish additional information on the State's finances upon request.

Cordially yours,



Louis L. Goldstein
Comptroller of the Treasury
of Maryland

FINANCIAL SECTION

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Baltimore, MD 21202-3015
Telephone: 301 685-5151

Touche Ross

October 30, 1987

The Honorable Louis L. Goldstein
Comptroller of the Treasury of Maryland

We have examined the general purpose financial statements of the State of Maryland as of and for the year ended June 30, 1987, as listed in the Table of Contents. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We did not examine the financial statements of the loan insurance programs and two loan programs of the Maryland Department of Economic and Community Development, Maryland Food Center Authority, Maryland Transportation Authority, Maryland State Lottery, and Maryland Higher Education Loan Corporation, which statements reflect total assets, revenues and expenses constituting 90 percent, 96 percent and 77 percent, respectively, of the related combined totals for Enterprise Funds. These statements were examined by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for the above mentioned units, is based only upon the reports of other auditors.

As discussed more fully in Note 14 to the financial statements, the State of Maryland Deposit Insurance Fund Corporation (MDIFC), an agency of the State, insures member savings and loan associations' savings deposits. At June 30, 1987, the financial statements of MDIFC reflect a deficiency in assets of $212,432,000 after accrual for estimated losses on insured savings deposits of $400,000,000. Any State funding of actual losses on insured deposits in excess of MDIFC's resources is dependent upon future legislative action. In addition, MDIFC is a party to several lawsuits, the outcome of which cannot presently be determined. As a result, the ultimate outcome of the savings and loan situation cannot be determined at this time. We have examined the financial statements of MDIFC as of June 30, 1987 (not separately presented herein but included in the combined Proprietary Fund Type financial statements) and in our report dated October 30, 1987, we expressed an opinion subject to the effects of such adjustments, if any, as might have been required had the outcome of the uncertainties discussed in the preceding sentences been known.

In our opinion, based upon our examination and the reports of other auditors, the general purpose financial statements referred to above present fairly the financial position of the State of Maryland at June 30, 1987, and the results of its operations and the changes in financial position of its Enterprise Funds, Nonexpendable Trust Fund and Pension Trust Fund for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Our examination was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining financial statements and schedules listed in the Table of Contents are presented for purposes of additional analysis and to meet legal reporting requirements and are not a required part of the general purpose financial statements of the State of Maryland. Except for the Schedules of Estimated Revenues and General, Special, Federal, Current Unrestricted and Current Restricted Fund Appropriations-Budgetary Basis for the year ending June 30, 1988 (pages 74 and 75), the information has been subjected to the auditing procedures applied in the examination of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

The other data included in this report have not been audited by us and, accordingly, we express no opinion on such data.

Touche Ross & Co.

Certified Public Accountants

Touche Ross International

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GENERAL PURPOSE FINANCIAL STATEMENTS

STATE OF MARYLAND

Combined Balance Sheet

All Fund Types and Account Groups

June 30, 1987

(Expressed in Thousands)

	Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Types	Account Groups			
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust and Agency	General Fixed Assets	General Long-Term Debt	Higher Education	Total (Memorandum Only)
Assets:										
Cash and short-term investments	$154,793	$182,170	$ 17,557	$ 12,190	$ 654,662	$ 435,456			$ 144,006	$ 1,600,834
Investments	113,788		68,841	2,893	394,915	6,588,277			55,049	7,223,763
Amount on deposit with U.S. Treasury						546,823				546,823
Taxes receivable, net	366,626	49,676	3,904			57,715				477,921
Intergovernmental receivables	148,602	115,846			2,715				28,991	296,154
Tuition, net									15,638	15,638
Other accounts receivable	12,581	19,451	1,317	5	36,072	23,722			1,107	94,255
Due from other funds	23,299					82,804				106,103
Inventories					3,871	96			11,521	15,488
Loans and notes receivable, net	783		65,868	12,108	1,045,280				29,351	1,153,390
Loans to other funds	1,945		10,494							12,439
Property, plant and equipment, net					1,701,629	1,487	$3,443,320		1,300,516	6,446,952
Restricted assets					179,835					179,835
Deposits					189,817					189,817
Other assets	10,942				51,465				2,856	65,263
Amounts available in debt service fund for retirement of:										
General obligation bonds								$ 66,576		66,576
Transportation bonds								70,752		70,752
Amounts to be provided for:										
Retirement of general obligation bonds								1,963,839		1,963,839
Retirement of transportation bonds								316,813		316,813
Retirement of accrued retirement costs								507,026		507,026
Retirement of accrued annual leave								81,704		81,704
Retirement of obligations under capital leases								12,743		12,743
Total assets, amounts available and amounts to be provided for retirement of bonds, accrued retirement costs, accrued annual leave and obligations under capital leases	$833,359	$367,143	$167,981	$27,196	$4,260,261	$7,736,380	$3,443,320	$3,019,453	$1,589,035	$21,444,128
Liabilities:										
Accounts payable and accrued liabilities	$270,105	$158,549		$30,364	$ 43,492	$ 41,815			$ 78,018	$ 622,343
Due to other funds	82,804	1,696			19,155	2,448				106,103
Accounts payable to political subdivisions and local income tax refunds	35,056	67,318				356,079				458,453
Lottery prizes					125,164					125,164
Accrued insurance and loan losses					408,548	209,390				617,938
Other liabilities					35,353	17,343				52,696

Deferred compensation benefits payable						265,261				265,261
Deferred revenue	1,595		$ 2,570		24,468	20,364			25,143	74,140
Loans from other funds					12,439					12,439
Capital notes					5,376					5,376
Notes payable					7,405					7,405
Matured bonds and interest coupons payable			7,948							7,948
Liabilities payable from restricted assets					22,908					22,908
Deferred federal income taxes					35,000					35,000
Revenue bonds and other notes payable					1,650,632				90,252	1,740,884
General obligation bonds payable								$2,030,415		2,030,415
Transportation bonds payable								387,565		387,565
Accrued retirement costs								507,026	64,952	571,978
Accrued annual leave								81,704		81,704
Obligations under capital leases								12,743	45,338	58,081
Total liabilities	389,560	227,563	10,518	30,364	2,389,940	912,700		3,019,453	303,703	7,283,801
Commitments and contingencies (Notes 14 16, and 17)										
Fund equity:										
Investment in fixed assets							$3,443,320		1,209,338	4,652,658
Contributed capital					982,292					982,292
Capital deposits by members					144,224					144,224
Retained earnings:										
Reserved					171,296					171,296
Unreserved					572,509					572,509
Fund balances:										
Reserved for:										
Encumbrances	99,996	3,124		258,305						361,425
Loans and notes receivable			20,135							20,135
Loans to other funds	1,945									1,945
Shore erosion loan program				12,108						12,108
Pension benefits						6,141,605				6,141,605
Worker's compensation benefits						74,816				74,816
Unemployment compensation benefits						596,324				596,324
Unrealized market appreciation on investments						10,935				10,935
Higher education programs									34,604	34,604
Endowment and similar funds									35,238	35,238
Unreserved:										
Designated for:										
General long-term debt service			66,576							66,576
Transportation debt service			70,752							70,752
Agency activities	125,090	6,616								131,706
Revenue stabilization	50,000									50,000
Undesignated (deficit)	166,768	129,840		(273,581)					6,152	29,179
Total fund equity (deficit)	443,799	139,580	157,463	(3,168)	1,870,321	6,823,680	3,443,320		1,285,332	14,160,327
Total liabilities and fund equity (deficit)	$833,359	$367,143	$167,981	$27,196	$4,260,261	$7,736,380	$3,443,320	$3,019,453	$1,589,035	$21,444,128

The accompanying notes to general purpose financial statements are an integral part of these financial statements.

STATE OF MARYLAND

Combined Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Fund Balances All Governmental Fund Types and Expendable Trust Fund for the year ended June 30, 1987

(Expressed in Thousands)

	Governmental Fund Types				Fiduciary Fund Types	
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	Total (Memorandum Only)
Revenues:						
Income taxes	$2,540,426					$2,540,426
Retail sales and use taxes	1,302,463					1,302,463
Motor vehicle taxes and fees		$ 794,946				794,946
Other taxes	632,190		$118,891		$220,575	971,656
Other licenses and fees	102,285					102,285
Charges for services	136,314	148,669				284,983
Interest and other investment income	43,743	8,099	13,594			65,436
Other	166,355	7,542	937			174,834
Gain on exchange of securities			39,543			39,543
Federal revenue	1,109,198	379,970		$ 3,996	18,746	1,511,910
Total revenues	6,032,974	1,339,226	172,965	3,996	239,321	7,788,482
Expenditures:						
Current:						
General government	266,251					266,251
Education	1,621,797					1,621,797
Employment and training					218,790	218,790
Human resources	680,408					680,408
Health and mental hygiene	1,567,412					1,567,412
Transportation		486,551				486,551
Public safety and judicial	536,267					536,267
Economic and community development	39,890					39,890
Natural resources and recreation	94,254					94,254
Agriculture	31,453					31,453
Personnel and retirement	21,773					21,773
Intergovernmental	301,002	250,794		138,724		690,520
Debt service:						
Principal retirement			258,395			258,395
Interest			185,684			185,684
Capital outlays		726,345		107,578		833,923
Total expenditures	5,160,507	1,463,690	444,079	246,302	218,790	7,533,368
Excess (deficiency) of revenues over expenditures	872,467	(124,464)	(271,114)	(242,306)	20,531	255,114
Other sources (uses) of financial resources:						
Proceeds from capital leases		2,855		9,888		12,743
Proceeds from bonds		110,423		164,645		275,068
Proceeds from refunding bonds		29,053				29,053
Operating transfers in	345,056	99,647	304,972	32,041		781,716
Operating transfers out	(830,622)	(69,906)	(3,327)	(23,862)		(927,717)
Defeasance of transportation bonds			(155,725)			(155,725)
Payment to refunded bond escrow agent		(29,053)				(29,053)
Net other sources (uses) of financial resources	(485,566)	143,019	145,920	182,712		(13,915)
Excess (deficiency) of revenues over expenditures and net other sources (uses) of financial resources	386,901	18,555	(125,194)	(59,594)	20,531	241,199
Fund balances, July 1, 1986	56,898	121,025	282,657	56,426	575,793	1,092,799
Fund balances (deficit), June 30, 1987	$ 443,799	$ 139,580	$157,463	$ (3,168)	$596,324	$1,333,998

The accompanying notes to general purpose financial statements are an integral part of these financial statements.

STATE OF MARYLAND

Combined Statement of Revenues, Expenditures and Encumbrances, Other Sources and Uses of Financial Resources, and Changes in Fund Balances — Budget and Actual — Budgetary General, Special, Federal, Current Unrestricted and Current Restricted Funds (Note 3)

for the year ended June 30, 1987

(Expressed in Thousands)

	Budgetary Funds								
	General Fund			Special Fund			Federal Fund		
	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:									
Income taxes	$2,219,278	$2,321,966	$102,688	$ 95,122	$ 97,041	$ 1,919			
Retail sales and use taxes	1,299,195	1,302,463	3,268						
Other taxes	407,536	363,860	(43,676)	862,611	859,619	(2,992)			
Licenses and fees	66,582	67,902	1,320	129,746	123,743	(6,003)			
Charges for services	44,316	48,772	4,456	116,114	225,395	109,281			
Interest and other investment income	31,062	39,454	8,392	29,517	13,898	(15,619)			
Other	354,079	434,042	79,963	822,083	537,086	(284,997)			
Federal revenue	66,567	48,557	(18,010)		22,845	22,845	$1,614,174	$1,510,874	$(103,300)
Total revenues	4,488,615	4,627,016	138,401	2,055,193	1,879,627	(175,566)	1,614,174	1,510,874	(103,300)
Expenditures and encumbrances by major function:									
Payments of revenue to civil divisions of the State	64,500	64,178	322	36,839	35,929	910			
Public debt	86,000	86,000		309,963	309,963				
Legislative	28,375	27,799	576	60	11	49			
Judicial review and legal	111,877	111,781	96	1,292	1,252	40	949	829	120
Executive and administrative control	43,012	42,433	579	2,838	2,416	422	20,608	19,036	1,572
Financial and revenue administration	121,734	117,937	3,797	31,776	29,971	1,805			
Budgetary and fiscal administration	5,586	5,472	114	249	216	33			
Personnel administration, retirement and employee relations	12,090	10,364	1,726	17,774	17,328	446			
State planning	4,551	4,448	103	885	688	197	601	161	440
General services	31,703	31,525	178	550	212	338			
Transportation and highways				1,167,211	1,127,848	39,363	514,557	464,771	49,786
Natural resources and recreation	52,932	52,903	29	82,583	78,721	3,862	11,934	9,745	2,189
Agriculture	15,894	15,434	460	12,005	11,679	326	2,472	2,435	37
Health, hospitals and mental hygiene	1,097,556	1,095,734	1,822	58,253	44,825	13,428	423,852	416,162	7,690
Human resources	304,781	292,292	12,489	27,488	21,046	6,442	310,243	290,680	19,563
Licensing and regulation	37,603	37,603		179,769	161,914	17,855	3,330	3,156	174
Public safety and correctional services	406,130	405,735	395	47,848	43,133	4,715	3,561	2,982	579
Public education	2,005,388	2,001,352	4,036	26,008	25,036	972	207,679	201,577	6,102
Economic and community development	33,389	33,297	92	49,060	28,383	20,677	20,087	19,181	906
Employment and training	3,664	3,664		2,742	2,562	180	94,301	82,260	12,041
State reserve fund	50,000	50,000							
Reversions:									
Current year reversions	(15,000)		(15,000)						
Prior year reversions		(3,049)	3,049		(9,654)	9,654		(3,448)	3,448
Total expenditures and encumbrances	4,501,765	4,486,902	14,863	2,055,193	1,933,479	121,714	1,614,174	1,509,527	104,647
Changes in encumbrances during fiscal year 1987		(15,922)	15,922		(11,378)	11,378		1,721	(1,721)
Total expenditures	4,501,765	4,470,980	30,785	2,055,193	1,922,101	133,092	1,614,174	1,511,248	102,926
Excess (deficiency) of revenues over expenditures	(13,150)	156,036	169,186		(42,474)	(42,474)		(374)	(374)
Other sources (uses) of financial resources:									
Operating transfers in (out)	10,000	65,002	55,002		21,542	21,542		374	374
Excess (deficiency) of revenues over expenditures and other sources (uses) of financial resources	(3,150)	221,038	224,188		(20,932)	(20,932)			
Fund balances, July 1, 1986	77,207	77,207		426,330	426,330				
Fund balances, June 30, 1987	$ 74,057	$ 298,245	$224,188	$ 426,330	$ 405,398	$ (20,932)	$ -0-	$ -0-	$ -0-

The accompanying notes to general purpose financial statements are an integral part of these financial statements.

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STATE OF MARYLAND

Combined Statement of Revenues, Expenditures and Encumbrances, Other Sources and Uses of Financial Resources, and Changes in Fund Balances — Budget and Actual — Budgetary General, Special, Federal, Current Unrestricted and Current Restricted Funds (Note 3) for the year ended June 30, 1987

(Expressed in Thousands)

	Budgetary Funds								
	Higher Education Funds						Totals* (Memorandum Only)		
	Current Unrestricted			Current Restricted					
	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:									
Income taxes							$2,314,400	$2,419,007	$ 104,607
Retail sales and use taxes							1,299,195	1,302,463	3,268
Other taxes							1,270,147	1,223,479	(46,668)
Licenses and fees							196,328	191,645	(4,683)
Charges for services							160,430	274,167	113,737
Interest and other investment income							60,579	53,352	(7,227)
Other	$849,412	$868,897	$19,485	$181,957	$177,139	$(4,818)	2,207,531	2,017,164	(190,367)
Federal revenue							1,680,741	1,582,276	(98,465)
Total revenues	849,412	868,897	19,485	181,957	177,139	(4,818)	9,189,351	9,063,553	(125,798)
Expenditures and encumbrances by major function:									
Payments of revenue to civil divisions of the State							101,339	100,107	1,232
Public debt							395,963	395,963	
Legislative							28,435	27,810	625
Judicial review and legal							114,118	113,862	256
Executive and administrative control							66,458	63,885	2,573
Financial and revenue administration							153,510	147,908	5,602
Budgetary and fiscal administration							5,835	5,688	147
Personnel administration, retirement and employee relations							29,864	27,692	2,172
State planning							6,037	5,297	740
General services							32,253	31,737	516
Transportation and highways							1,681,768	1,592,619	89,149
Natural resources and recreation							147,449	141,369	6,080
Agriculture							30,371	29,548	823
Health, hospitals and mental hygiene							1,579,661	1,556,721	18,029
Human resources							642,512	604,018	38,494
Licensing and regulation							220,702	202,673	22,940
Public safety and correctional services							457,539	451,850	5,689
Public education	849,412	843,509	5,903	181,957	177,192	4,765	3,270,444	3,248,666	21,778
Economic and community development							102,536	80,861	21,675
Employment and training							100,707	88,486	12,221
State reserve fund							50,000	50,000	
Reversions:									
Current year reversions							(15,000)		(15,000)
Prior year reversions		(1,641)	1,641		(25)	25		(17,817)	17,817
Total expenditures and encumbrances	849,412	841,868	7,544	181,957	177,167	4,790	9,202,501	8,948,943	253,558
Changes in encumbrances during fiscal year 1987		(5,179)	5,179		28	(28)		(30,730)	30,730
Total expenditures	849,412	836,689	12,723	181,957	177,195	4,762	9,202,501	8,918,213	284,288
Excess (deficiency) of revenues over expenditures		32,208	32,208		(56)	(56)	(13,150)	145,340	158,490
Other sources (uses) of financial resources:									
Operating transfers in (out)		(111)	(111)		129	129	10,000	86,936	76,936
Excess (deficiency) of revenues over expenditures and other sources (uses) of financial resources		32,097	32,097		73	73	(3,150)	232,276	235,289
Fund balances, July 1, 1986	98,156	98,156		1,869	1,869		603,562	603,562	
Fund balances, June 30, 1987	$ 98,156	$130,253	$32,097	$ 1,869	$ 1,942	$ 73	$ 600,412	$ 835,838	$ 235,426

*These totals are the sum of this page and the preceeding page.

The accompanying notes to general purpose financial statements are an integral part of these financial statements.

STATE OF MARYLAND

Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balances Enterprise Funds, Nonexpendable Trust Fund and Pension Trust Fund for the year ended June 30, 1987

(Expressed in Thousands)

	Proprietary Fund Type	Fiduciary Fund Types		
	Enterprise	Nonexpendable Trust Fund	Pension Trust Fund	Total (Memorandum Only)
Operating revenues:				
Lottery ticket sales	$ 760,500			$ 760,500
Charges for services and sales	141,791	$100,286		242,077
Contributions			$ 644,528	644,528
Interest and other investment income	169,878	29,271	732,069	931,218
Other	11,980			11,980
Total operating revenues	1,084,149	129,557	1,376,597	2,590,303
Operating expenses:				
Prizes and claims	364,378	148,638		513,016
Commissions and bonuses	38,625			38,625
Cost of sales and services	38,227			38,227
Operation and maintenance of facilities	98,191			98,191
General and administrative	44,128	9,982	10,777	64,887
Interest	141,776			141,776
Depreciation and amortization	7,911	122		8,033
Benefit payments and refunds			451,459	451,459
Provision for insurance and loan losses	140,836			140,836
Provision for income tax contingency	9,718			9,718
Other	2,715			2,715
Total operating expenses	886,505	158,742	462,236	1,507,483
Operating income (loss) before operating grants, cumulative effect of accounting change and transfers	197,644	(29,185)	914,361	1,082,820
Non-operating revenues-operating grants	38,501			38,501
Cumulative effect of accounting change		46,111		46,111
Operating income before transfers	236,145	16,926	914,361	1,167,432
Operating transfers in	16,161			16,161
Operating transfers out	(332,366)			(332,366)
Net income (loss)	(80,060)	16,926	914,361	851,227
Add: Depreciation of cost of assets acquired from contributed capital	1,402			1,402
Increase (decrease) in retained earnings/fund balance	(78,658)	16,926	914,361	852,629
Retained earnings/fund balance, July 1, 1986	822,463	76,198	5,227,244	6,125,905
Decrease in unrealized market appreciation of investments		(7,373)		(7,373)
Retained earnings/fund balance, June 30, 1987	$ 743,805	$ 85,751	$6,141,605	$6,971,161

The accompanying notes to general purpose financial statements are an integral part of these financial statements.

STATE OF MARYLAND

Combined Statement of Changes in Financial Position
Enterprise Funds, Nonexpendable Trust Fund and Pension Trust Fund
for the year ended June 30, 1987

(Expressed in Thousands)

	Proprietary Fund Type	Fiduciary Fund Types		Total (Memorandum Only)
	Enterprise	Nonexpendable Trust Fund	Pension Trust Fund	
Sources of financial resources:				
Operations:				
Net income (loss)	$(80,060)	$16,926	$914,361	$ 851,227
Expenses not requiring current outlay of financial resources:				
Depreciation and amortization	7,911	122		8,033
Total sources (uses) of financial resources from operations	(72,149)	17,048	914,361	859,260
Increase in due to other funds	18,458			18,458
Increase in lottery prizes	37,066			37,066
Increase in accrued insurance and loan losses	138,350	43,890		182,240
Issuance of revenue bonds	360,345			360,345
Decrease in restricted assets	3,719			3,719
Increase in current liabilities payable from restricted assets	5,720			5,720
Increase in deferred federal income taxes	9,718			9,718
Contributed capital	12,486			12,486
Total sources of financial resources	513,713	60,938	914,361	1,489,012
Uses of financial resources:				
Increase in investments	5,613	65,811	893,985	965,409
Increase (decrease) in other accounts, loans and notes receivable	(68,213)	439	(16,266)	(84,040)
Increase (decrease) in inventories	(539)	17		(522)
Decrease in loans from other funds	308			308
Acquisition of fixed assets	35,137	224		35,361
Increase in deposits	57,640			57,640
Decrease in accounts payable and accrued liabilities	3,615		(36,802)	(40,417)
Decrease in capital notes	83,486			83,486
Repayment of notes payable	10,561			10,561
Retirement of revenue bonds	392,405			392,405
Other, net	(7,032)	(10,914)	(160)	(18,106)
Total uses of financial resources	512,981	55,577	914,361	1,482,919
Net increase in unrestricted cash and short-term investments	$ 732	$ 5,361	$ -0-	$ 6,093

The accompanying notes to general purpose financial statements are an integral part of these financial statements.

STATE OF MARYLAND

Balance Sheet

Higher Education Fund

June 30, 1987

(Expressed in Thousands)

	Current Funds				Endowment and Similar	
	Unrestricted	Restricted	Loan Funds	Plant Funds	Funds	Total
Assets:						
Cash and short-term investments	$110,162	$ 1,020	$ 3,072	$ 20,094	$ 9,658	$ 144,006
Investments	114			26,180	28,755	55,049
Intergovernmental receivables		28,991				28,991
Tuition, net of allowance of $2,546	15,638					15,638
Other accounts receivable	337		22	748		1,107
Inventories	11,521					11,521
Loans and notes receivable, net of allowance of $8,867			28,574	777		29,351
Property, plant and equipment, net				1,300,516		1,300,516
Interfund balances	12,990	(16,997)	(48)	4,973	(918)	
Other assets	2,775			81		2,856
Total assets	$153,537	$13,014	$31,620	$1,353,369	$37,495	$1,589,035
Liabilities:						
Accounts payable and accrued liabilities	$ 61,295	$ 6,025		$ 8,441	$ 2,257	$ 78,018
Deferred revenue	21,138	3,999	$ 6			25,143
Revenue bonds and other notes payable				90,252		90,252
Accrued retirement costs	64,952					64,952
Obligations under capital leases				45,338		45,338
Total liabilities	147,385	10,024	6	144,031	2,257	303,703
Commitments and Contingencies (Notes 16 and 17)						
Fund balances:						
Investment in fixed assets				1,209,338		1,209,338
Reserved for:						
Sponsored research		2,990				2,990
Loans to students			$31,614			31,614
Endowment and similar funds					35,238	35,238
Unreserved, undesignated	6,152					6,152
Total fund balances	6,152	2,990	31,614	1,209,338	35,238	1,285,332
Total liabilities and fund balances	$153,537	$13,014	$31,620	$1,353,369	$37,495	$1,589,035

The accompanying notes to general purpose financial statements are an integral part of these financial statements.

STATE OF MARYLAND

Statement of Revenues, Expenses, Interfund Transfers, Operating Transfers and Changes in Fund Balances

Higher Education Fund

for the year ended June 30, 1987

(Expressed in Thousands)

	Current Funds				Endowment and Similar	
	Unrestricted	Restricted	Loan Funds	Plant Funds	Funds	Total
Revenues and other additions:						
Student tuition and fees	$218,186			$ 2,143		$ 220,329
Federal grants and contracts	21,428	$116,502	$ 1,548	135		139,613
State and local grants and contracts	2,251	38,604				40,855
Private gifts, grants and contracts	2,768	21,381	8	982	$ 653	25,792
Sales and services	137,388	57		2,549		139,994
Investment income	8,313	1,493	15	2,043	654	12,518
Realized gains on endowment investments	2,505				1,696	4,201
Interest on loans receivable			1,011	85	43	1,139
Other	3,645	4	275	286	16	4,226
Total revenues and other additions	396,484	178,041	2,857	8,223	3,062	588,667
Expenses and other deductions:						
Educational and general:						
Instruction	309,017	13,034				322,051
Research	32,654	83,065				115,719
Public service	18,911	8,325				27,236
Academic support	62,972	1,348				64,320
Student services	41,171	1,289	293			42,753
Institutional support	87,345	1,231		325		88,901
Scholarships and fellowships	11,180	29,539	7		11	40,737
Operation and maintenance of plant	76,090	99				76,189
Auxiliary enterprises	101,614	210				101,824
Hospital	8,811	28,408				37,219
Non-capitalized expenditures for plant facilities				2,568		2,568
Loan cancellations, write-offs and refunds	218		988			1,206
Disposal of property, plant and equipment				16,003		16,003
Interest on indebtedness				6,782		6,782
Other	8,848		11	44,343	193	53,395
Total expenses and other deductions	758,831	166,548	1,299	70,021	204	996,903
Excess (deficiency) of revenues and other additions over expenses and other deductions	(362,347)	11,493	1,558	(61,798)	2,858	(408,236)
Higher Education interfund transfers — in (out):						
Mandatory:						
Principal and interest on revenue bonds	(449)			449		
Loan fund matching grant	(166)		166			
Debt service on capital leases	(8,334)	(154)		8,488		
Non-mandatory:						
Remodeling, renewals and replacements	(52,224)	(10,677)		62,901		
Other	898		61		(959)	
Total Higher Education interfund transfers	(60,275)	(10,831)	227	71,838	(959)	
Operating transfer from State's general and capital projects funds	441,059			21,147		462,206
Net increase in fund balances	18,437	662	1,785	31,187	1,899	53,970
Fund balances (deficit), July 1, 1986	(12,285)	2,328	29,829	1,178,151	33,339	1,231,362
Fund balances, June 30, 1987	$ 6,152	$ 2,990	$31,614	$1,209,338	$35,238	$1,285,332

The accompanying notes to general purposes financial statements are an integral part of these financial statements.

1. Financial Statements and Descriptions of Funds and Account Groups:

A. *Financial Statements:*

The accompanying financial statements of the State of Maryland present the financial position of the various fund types and account groups, the results of operations of the various fund types, and the changes in financial position of the enterprise funds, nonexpendable trust fund and pension trust fund.

The financial statements include the various departments, agencies and other organizational units governed by the General Assembly and/or constitutional officers of the State of Maryland. The following criteria, as defined by the Governmental Accounting Standards Board, were utilized to determine the entity for the State of Maryland: selection of governing authority, appointment of management, constitutional officers' ability to significantly influence operations, accountability for fiscal operations and scope of public service.

B. *Fund Accounting:*

The financial activities are recorded in individual funds classified by type and described below. The financial position and operations of each fund are accounted for in separate self-balancing accounts which represent the fund's assets, liabilities, equity, revenues and expenditures or expenses.

GOVERNMENTAL FUND TYPES

Transactions related to the acquisition, use, and balances of the government's expendable financial resources received and used for those services traditionally provided by a state government, which are not accounted for in other funds, are accounted for in governmental funds. The governmental fund measurement focus is upon determination of financial position (sources, uses, and balances of financial resources), rather than on net income determination. Governmental funds include:

General Fund:

Transactions related to resources obtained and used for those services traditionally provided by a state government, which are not accounted for in other funds, are accounted for in the general fund. The services include, among other things, general government, public safety and judicial, health and mental hygiene, human resources, licensing and regulation, and education (other than higher education institutions). Resources obtained from federal grants and used for activities accounted for in the general fund consistent with applicable legal requirements are recorded in the general fund.

Special Revenue Fund:

Transactions related to resources obtained, the uses of which are restricted to specific purposes, are accounted for in the special revenue fund. The special revenue fund includes resources used for operations (other than debt service) of the Maryland Department of Transportation Trust Fund, including construction or improvement of transportation facilities and mass transit operations.

Debt Service Fund:

Transactions related to resources obtained and used for the payment of interest and principal on general long-term debt obligations and transportation debt (other than Maryland Transportation Authority revenue bonds) are accounted for in debt service funds.

Capital Projects Fund:

Transactions related to resources obtained and used for the acquisition, construction or improvement of certain capital facilities, including those provided to political subdivisions and other public organizations are accounted for in the capital projects fund. Such resources are derived principally from proceeds of general obligation bond issues, federal grants and operating transfers from the State's general fund.

The State enters into long-term contracts for construction of major capital projects and records the commitments as encumbrances. The State pays the cost of capital projects principally from resources obtained from general obligation bond proceeds, operating transfers from the general fund and federal grants. These resources are received, in many cases, after the long-term contracts are executed and recorded as encumbrances. Accordingly, the undesignated fund balance of the capital projects fund reflects a deficit. This deficit will be funded by future bond proceeds and capital appropriations from the general fund (see Note 8).

PROPRIETARY FUND TYPE

Enterprise Funds:

Transactions related to commercial activities operated by the State are accounted for in the enterprise funds. Proprietary funds differ from governmental funds in that the focus is on income measurement which, together with the maintenance of equity, is an important financial indicator. The enterprise funds include:

1. Economic Development:

   Direct loan and loan insurance programs of the Maryland Department of Economic and Community Development.

2. Maryland Food Center Authority, which owns and operates warehouse facilities for use by wholesale food distributors.

3. Maryland Transportation Authority, which constructs, maintains and operates transportation toll facilities.

4. Maryland State Lottery, which operates the State Lottery.

5. Maryland Environmental Service, which constructs, maintains and operates water supply and liquid and solid waste disposal facilities.

6. State Use Industries, which utilizes inmate labor from State correctional institutions to manufacture goods, wares and merchandise to be sold to State agencies, political subdivisions and charitable, civic, educational, fraternal or religious associations or institutions.

7. Maryland Higher Education Loan Corporation, which assists resident students in meeting costs of attending approved institutions by guaranteeing loans made by commerical lenders.

8. Maryland Deposit Insurance Fund Corporation, which insures the deposits of member state-chartered savings and loan associations.

FIDUCIARY FUND TYPES

Transactions related to assets held by the State in a trustee or agency capacity are accounted for in fiduciary fund types. Fiduciary fund types are comprised of:

1. The expendable trust fund reflects the transactions, assets, liabilities and fund equity of the Employment Security Administration. This fund is used to account for the unemployment taxes collected from employers, federal revenue received and remittance of benefits to the unemployed.

2. The nonexpendable trust fund reflects the transactions, assets, liabilities and fund equity of the State Accident Fund. The fund was established to provide workers' compensation insurance for participating employers in the State, including the State of Maryland.

3. The pension trust fund reflects the transactions, assets, liabilities and fund equities of the State administered retirement and pension systems.

4. Agency funds account for the receipt and disbursement of various taxes and federal grant proceeds collected by the State for distribution to the Federal government and political subdivisions, patient and prisoner accounts, and amounts withheld from employees and invested in the Deferred Compensation Plan (Plan) as directed by the employee. The assets of the Plan are available to the general creditors of the State.

ACCOUNT GROUPS

Account groups are used to establish accounting control and accountability for the State's general fixed assets, and the unmatured principal of its general long-term debt and other long-term obligations of governmental funds. General fixed assets do not represent financial resources available for appropriation and expenditure, nor does the unmatured principal of general long-term debt and other long-term obligations require current appropriation and expenditure of governmental fund financial resources.

General Fixed Assets Account Group:

General fixed assets acquired or constructed for use by the State in the conduct of its activities, other than activities accounted for in the proprietary fund type, the nonexpendable trust fund and higher education fund, are reflected in the general fixed assets account group at the time of acquisition. As of June 30, 1980, the State established and recorded in the general fixed assets account group the estimated cost of general fixed assets based on available historical cost records. Activity subsequent to June 30, 1980, is recorded at cost. Donated fixed assets are recorded at their fair market value at the time donated. Infrastructure assets, consisting principally of highways, roads and bridges are not recorded in the general fixed assets account group.

General Long-Term Debt Account Group:

Unmatured long-term general obligation and transportation bonds payable, accrued annual leave and retirement costs and capital lease obligations related to general governmental activities are reflected in the general long-term debt account group.

HIGHER EDUCATION FUND

Transactions related to the financial activities of State higher education institutions are accounted for in the higher education fund. The financial statements of this fund have been prepared in accordance with the American Institute of Certified Public Accountants' Industry Audit Guide—Audits of Colleges and Universities and, accordingly, are presented as a discrete entity in a separate column in the combined balance sheet.

2. Summary of Significant Accounting Policies:

A. *All Funds:*

Grants:

Federal reimbursement type grants are recorded as revenues when the related expenditures, or expenses, are incurred.

Retirement Costs:

Substantially all State employees participate in one of seven State retirement systems (see Note 15). The State also provides retirement benefits to teachers and certain other employees of its political subdivisions. Retirement expenditures for governmental fund types represent amounts contributed by the State for the fiscal year. The excess amounts of actuarially determined retirement costs over the amounts recorded as expenditures are carried in the general long-term debt account group. For the proprietary fund type and higher education fund, retirement costs have been provided on the accrual basis predicated on actuarial valuations. The excess of retirement costs provided over amounts funded is carried as a liability in the respective funds.

Employee Benefit Costs:

Substantially all expenditures for pension, health and Federal Social Security benefits of governmental fund types, including approximately $391,535,000 of expenditures applicable to teachers and other employees of political subdivisions and $20,552,000 applicable to retired employees and their dependents, are reported as program expenditures in the respective funds. Material benefit costs applicable to the proprietary fund type and higher education fund are reflected as expenses in the appropriate funds.

Principally all full-time employees accrue annual leave based on the number of years employed up to a maximum of 25 days per calendar year. Earned annual leave may be accumulated up to a maximum of 45 days as of the end of each calendar year. Accumulated earned but unused annual leave for general government employees is accounted for in the general long-term debt account group. Liabilities for accumulated earned but unused annual leave applicable to proprietary fund type and the higher education fund are reported in the respective funds.

Interfund Receivables and Payables:

Interfund receivables and payables consist of the following at June 30, 1987 (amounts expressed in thousands):

General fund:	
Due from:	
Special revenue fund	$ 1,696
Agency funds—	
Local admissions and amusement taxes	1,014
Payroll taxes and fringe benefits	1,434
Enterprise fund - Maryland State Lottery	19,155
	$23,299
Due to:	
Agency funds -local income taxes	$82,804

Total Memorandum Only:

The "Total Memorandum Only" column represents an aggregation of the individual combined financial statements and does not represent consolidated financial information.

B. *Governmental Fund Types, Expendable Trust and Agency Funds:*

Basis of Accounting:

The accounts of the general, special revenue, debt service, capital projects, expendable trust and agency funds are maintained and reported using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are susceptible to accrual and recognized in the financial statements when they are measurable and available to finance operations during the year or liquidate liabilities existing at the end of the year. Material revenues susceptible to accrual include federal grants, income, sales and motor vehicle fuel and excise taxes. Expenditures are recognized when obligations are incurred as a result of receipt of goods and services. Modifications to the accrual basis of accounting include:

- Interest on long-term obligations reflected in the general long-term debt account group is recognized in the debt service funds when it becomes payable.
- Inventories of materials and supplies are recorded as expenditures when purchased. Such inventories are not material.
- Obligations for retirement costs and employees' vested annual leave and sick leave are recorded as expenditures when paid.
- Encumbrances represented by executed and unperformed purchase orders and contracts, which are approved by the Department of Budget and Fiscal Planning, are recorded as reservations of fund balance as of the end of the fiscal year.

Intergovernmental Expenditures:

Expenditures of general and special revenue fund revenues designated for payment to political subdivisions and bond proceeds granted to political subdivisions and other public organizations are recorded as intergovernmental expenditures. Direct grants and other payments to, or on behalf of, political subdivisions are recorded as current expenditures.

Capital Outlays:

Principally all capital expenditures for the acquisition or construction of State general fixed assets are reported as capital outlays in the capital projects fund.

Reserved and Designated General Fund and Special Revenue Fund Balances:

Loans receivable maturing after June 30, 1988, in the amounts of $1,945,000 are deemed to be not available for current operations; accordingly, the amount has been reflected as a reservation of general fund balance.

A portion of the general fund balance and the special revenue fund balance, in the amount of $125,090,000 and $6,616,000, respectively, at June 30, 1987, representing special budgetary and nonbudgeted agency resources, was designated for agency activities and programs.

A portion of the general fund balance, in the amount of $50,000,000 at June 30, 1987, has been designated for revenue stabilization. The revenue stabilization account is designed to retain State revenues for future needs and reduce the need for future tax increases by moderating revenue growth.

Expendable Trust Fund Balances:

The fund balance of the expendable trust fund is restricted to the purpose of the fund.

C. *Enterprise Funds and Nonexpendable and Pension Trust Funds:*

Basis of Accounting:

The accounts of the enterprise funds, nonexpendable trust fund and pension trust fund are maintained and reported using the accrual basis of accounting.

Property, Plant and Equipment:

Significant property, plant and equipment of enterprise funds are stated at cost.

The cost of property, plant and equipment used in the administration of Economic Development activities is charged to operations in the period acquired. Such amounts are not material.

Depreciation of the cost of property, plant and equipment of the Maryland Food Center Authority, Maryland State Lottery, Maryland Environmental Service, State Use Industries, Maryland Higher Education Loan Corporation, Maryland Deposit Insurance Fund Corporation and the nonexpendable trust fund is provided on the straight-line basis over estimated useful lives of 25 to 50 years for depreciable real property, 5 to 10 years for building improvements and 3 to 10 years for equipment. Repairs and maintenance are charged to operations in the period incurred. Replacements, additions and betterments are capitalized.

In accordance with retirement-replacement-betterment accounting principles, the cost of toll facilities is not depreciated. Repairs, maintenance and replacements are charged to operations in the period incurred. Additions and betterments are capitalized.

Lottery Revenues and Prizes:

Revenues and prizes of the Maryland State Lottery are generally recognized as drawings are held. Certain prizes are payable in deferred installments. Such liabilities are recorded at the present value of amounts payable in the future.

Provisions for Insurance and Loan Losses:

Current provisions are made for estimated losses resulting from insurance of loans and uncollectible loans. Loss provisions are based on the current status of insured and direct loans, including delinquencies, economic conditions, loss experience, estimated value of collateral and other factors which may affect their realization.

The Maryland Deposit Insurance Fund Corporation provides for insurance losses at the time a member savings and loan association requires financial assistance or when such assistance is anticipated. These amounts are reviewed periodically and adjusted as required based on the financial and economic conditions at the time.

Workers' compensation claims are recognized as expenses in the period incurred. Annually, the consulting actuary for the State Accident Fund estimates the liability for injuries incurred but not reported, the future liability on claims before the commission, and permanent awards. These liabilities are reported as accrued insurance losses. Beginning with fiscal year 1987, the liability for anticipated claims and claims expenses has been discounted to present value. The liability was not discounted in prior years. The cumulative effect of this accounting change, as of July 1, 1986, was $46,111,000.

Inventories:

Inventories of the Maryland Transportation Authority, Maryland State Lottery, State Use Industries and the nonexpendable trust fund are stated at the lower of cost, using the first-in, first-out method, or market.

Enterprise Funds Reserved Retained Earnings:

Retained earnings of the Maryland Transportation Authority in the amount of $161,460,000 are reserved for the payment of debt service related to the revenue bonds, major project maintenance, project requirements and improvements, betterments, enlargements, or capital additions.

Retained earnings of the Maryland State Lottery in the amount of $9,759,000 are reserved for the payment of unclaimed prizes.

Retained earnings of the Maryland Environmental Service in the the amount of $77,000 are reserved for furtherance of program development activities.

Nonexpendable and Pension Trust Fund Balances:

Fund balances of nonexpendable and pension trust funds are restricted to the purpose of the fund.

D. *Higher Education Fund:*

Basis of Accounting:

The accounts of the higher education institutions are maintained and reported on the accrual basis of accounting.

Fund Accounting:

The financial activities of the higher education institutions are recorded in funds which classify the various transactions by specified activities or objectives. Fund balances of such funds are reported as reserved for higher education programs and higher education general endowment and similar funds.

Unrestricted revenue is accounted for in the current unrestricted fund. Restricted gifts, grants, endowment income and other restricted resources are accounted for in the current restricted fund, loan funds, endowment and similar funds and plant funds. Revenue and expenses are reported in the current restricted fund when financial resources are used for the current operating purposes for which they have been provided. Transactions related to the various student loan programs operated by the educational institutions are accounted for in loan funds. Resources dedicated to the acquisition and investment in property, plant and equipment are accounted for in the plant funds. To the extent current funds are used to finance plant assets, the amounts so provided are accounted for as (1) expenses, in the case of normal replacement of movable equipment and library books; (2) mandatory transfers, in the case of required provisions for debt repayment and interest, and equipment renewals and replacements; and (3) transfers of a nonmandatory nature in all other cases.

General endowment funds are subject to the restrictions of gift instruments requiring the principal be invested in perpetuity and the income only be utilized. Term endowment funds are similar to general endowment funds except, upon the passage of a stated period of time or the occurrence of a particular event, all or part of the principal may be expended. Quasi-endowment funds have been established for the same purpose as general endowment funds, except any portion of quasi-endowment funds may be expended. The balances of the fund groups which comprise the endowment and similar funds are general endowment $29,921,000, term endowments $66,000, and quasi-endowments $5,251,000.

Student Revenues:

Student tuition and fees are fully recognized as revenues in the fiscal year in which the related courses or activities are principally conducted. Student tuition and fees applicable to future courses and activities and collected as of the end of the fiscal year are recorded as deferred revenue.

Accounts and Notes Receivable:

An allowance for doubtful receivables is provided for estimated losses expected to be incurred in collection. The estimated losses are based on historical collection experience and a review of the status of existing receivables.

Inventories:

Inventories are stated at the lower of cost, using the first-in, first-out method, or market.

Plant:

Property, plant and equipment are stated principally at cost at date of acquisition or fair value at date of donation in the case of gifts. Consistent with generally accepted accounting principles for colleges and universities, depreciation is not provided for the cost of plant assets.

Operating Transfers from State's General Fund:

A substantial portion of the higher education fund's current unrestricted expenses, including current payments for retirement costs and fringe benefits, are funded through appropriations from the general fund at the time the expenses are encumbered or paid. The current year retirement funding exceeded the expense, including amortization of unfunded liabilities over 40 years and interest thereon, by approximately $3,677,000; this excess reduced the liability for retirement costs recorded in the higher education fund. Accrued retirement costs are expected to be funded principally through future State appropriations.

3. Budgeting and Budgetary Control:

The Maryland Constitution requires the Governor to submit to the General Assembly an annual balanced budget for the following fiscal year. This budget is prepared and adopted for the following five Budgetary Funds:

General Fund:

The General Fund is the fund in which all general transactions of the State are recorded, unless otherwise directed to be included in another fund.

Special Fund:

The Special Fund includes all of the transportation activities of the State (except for the Maryland Transportation Authority), fishery and wildlife funds, shared taxes and payments of debt service on general obligation bonds, whereas the GAAP Special Revenue Fund includes only the operations (other than debt service) of the Maryland Department of Transportation Trust Fund.

Federal Fund:

The Federal Fund is the fund in which principally all grants from the Federal government are recorded.

Higher Education Funds:

Current Unrestricted Fund: Unrestricted revenue used or available for use in carrying out the current operations of the State's colleges and universities is accounted for in the current unrestricted fund.

Current Restricted Fund: Restricted gifts, grants and other restricted resources are accounted for in the current restricted fund.

In addition to the annual budget, the General Assembly adopts authorizations for the issuance of general obligation bonds and the expenditures of the funds obtained thereby are accounted for in the capital projects fund. Because capital projects fund authorizations are not part of the annual budget, capital projects fund activities are not presented in the Combined Statement of Revenues, Expenditures and Encumbrances, Other Sources and Uses of Financial Resources and Changes in Fund Balances -Budget and Actual - Budgetary General, Special, Federal, Current Unrestricted and Current Restricted Funds.

All State budgetary expenditures for the general, special, federal, current unrestricted and current restricted funds are made pursuant to the appropriations in the annual budget, as amended from time to time by budget amendments. State governmental units may, with the Governor's approval, amend the appropriations by major function within the general fund, provided they do not exceed their total general fund appropriations as contained in the annual budget. Increases in general fund appropriations must be approved by the General Assembly. For the fiscal year ended June 30, 1987, the General Assembly approved increases in General Fund appropriations aggregating $19,000,000. Appropriations for programs funded in whole or in part from the special, federal, current unrestricted or current restricted funds may permit expenditures in excess of original special, federal, current unrestricted or current restricted fund appropriations to the extent that revenues from the particular special, federal, current unrestricted or current restricted fund sources exceed original budget estimates and such additional expenditures are approved by the Governor or, in case of the University of Maryland, the Board of Public Works. Unexpended appropriations from the general fund may be carried over to succeeding years to the extent encumbrances are approved by the Department of Budget and Fiscal Planning; all other appropriations lapse as of June 30, 1987. Unexpended appropriations from special, federal, current unrestricted and current restricted funds may be carried over to the extent of (a) available resources, and (b) encumbrances approved by the Department of Budget and Fiscal Planning.

The amended budget adopted by the General Assembly for the general, special, federal, current unrestricted and current restricted funds is presented in the Combined Statement of Revenues, Expenditures and Encumbrances, Other Sources and Uses of Financial Resources and Changes in Fund Balances - Budget and Actual - Budgetary General, Special, Federal, Current Unrestricted and Current Restricted Funds. The State's budgetary fund structure and the basis of accounting used for budgetary purposes, which is the modified accrual basis with certain exceptions, differs from that utilized to present financial statements in conformity with generally accepted accounting principles. A summarization of the effect of the fund structure differences and exceptions to the modified accrual basis of accounting (amounts expressed in thousands) as of June 30, 1987, follows:

	Total Budgetary Fund Equities and Other Accounts June 30, 1987	Financial Statement Funds						
		General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust and Agency	Higher Education
Classification of budgetary fund equities and other accounts into GAAP fund structure:								
General	$ 298,245	$298,245						
Special revenue	405,398	127,401	$132,964	$ 86,711	$12,506	$ 45,811	$ 5	
Current unrestricted	130,253							$130,253
Current restricted	1,942							1,942
Other accounts (a):								
Non-budgeted	51,503	44,884	6,616			3		
Debt service transportation bonds	70,752			70,752				
Capital projects	72,988				(15,674)	88,662		
Enterprise	1,735,845					1,735,845		
Expendable trust	596,324						596,324	
Nonexpendable trust	85,746						85,746	
Pension trust	6,141,605						6,141,605	
Higher education	1,153,137							1,153,137
Budgetary fund equities and other accounts classified into GAAP fund structure	$10,743,738	470,530	139,580	157,463	(3,168)	1,870,321	6,823,680	1,285,332
Accounting principal differences:								
Assets recognized in the GAAP financial statements not recognized for budgetary purposes:								
Cash and short term investments		1,479						
Taxes receivable		3,143						
Intergovernmental receivables		37,340						
Other accounts receivable		7,184						
Liabilities recognized in GAAP financial statements not recognized for budgetary purposes:								
Accounts payable and accrued liabilities		(38,073)						
Deferred income tax revenue		45,000						
Local income taxes payable to local income taxes agency fund		(82,804)						
GAAP financial statement fund equities, June 30, 1987		$443,799	$139,580	$157,463	$(3,168)	$1,870,321	$6,823,680	$1,285,332

(a) The State's accounting system is maintained by the Comptroller in compliance with State Law and in accordance with the State's Budgetary Funds. In addition to the accounting systems maintained by the Comptroller, certain individual agencies which are not subject to the State budget maintain accounting systems which permit financial reporting on the basis of generally accepted accounting principles. The change in net assets of agencies whose accounting systems are not entirely maintained by the Comptroller are recorded in the State's accounting system as of June 30 each year.

4. Cash and Short-Term Investments and Investments:

Substantially all cash and short-term investments of the governmental fund types and certain proprietary and fiduciary funds are maintained by the State Treasurer on a pooled basis. The State Treasurer's Office invests short-term funds on a daily basis. The investments consist of direct purchases of securities or repurchase agreements. Under the State Finance and Procurement Article of the Annotated Code of Maryland, Title 2, Section 6, the State Treasurer may invest in the following:

- Any obligation for which the United States has pledged its faith and credit for the payment of principal and interest.
- Any obligation that a federal agency issues in accordance with an act of Congress.
- Repurchase agreements that any of these obligations secure.

As a matter of policy, the State Treasurer does not invest in Federal Farm Credit or World Bank Securities and current Maryland law does not permit the State Treasurer to invest in commercial paper or bankers acceptances. A significant portion of the investments maintained by the State Treasurer consist of repurchase agreements. Collateral which must be at least 102% of the face value of the repurchase agreement, must be delivered to the custodian for the State Treasurer for safekeeping. Repurchase agreements are reported in the financial statements as cash and short-term investments.

Investments are classified as to credit risk by the three categories described below:

Category 1 Insured or registered, or securities held by the State or its agent in the State's name.

Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the State's name.

Category 3 Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the State's name.

A. Governmental Fund Types, Expendable Trust and Agency Funds:

The bank deposits of the governmental fund types, expendable trust and agency funds as of June 30, 1987, were entirely insured or collaterialized with securities held by the State or its agent in the State's name.

At June 30, 1987 cash in the amount of $7,948,000 was maintained with fiscal agents and represents funds transmitted to bond paying agents for which coupons have not been presented.

Investments of the Deferred Compensation Plan are stated at market value. All other investments are stated at cost, adjusted for amortization of premium and accretion of discounts. Repurchase agreements in governmental fund types aggregating $888,648,000 (market value of collateral of $909,410,000) at June 30, 1987, are reported as cash and short-term investments. The collateral for the repurchase agreements is held by the State's agent in the State's name.

The investments at June 30, 1987 (amounts expressed in thousands) for the governmental fund types, expendable trust and agency funds are as follows:

	Category			Carrying	Market
	1	2	3	Value	Value
U.S. Treasury and Agency Obligations	$182,789			$182,789	$184,710
Certificates of Deposit	2,733			2,733	2,733
Other	3,561			3,561	3,561
	$189,083			189,083	191,004
Deferred Compensation Plan				260,530	260,530
Total				$449,613	$451,534

B. Enterprise, Nonexpendable and Pension Trust Funds:

The bank deposits of the enterprise, nonexpendable and pension trust funds as of June 30, 1987 were entirely insured or collateralized with securities held by the fund or its agent in the fund's name.

Investments of the enterprise funds are stated at cost, adjusted for amortization of premiums and accretion of discounts. The investment policies for all enterprise funds, with the exception of the Community Development Administration, are the same as those of the State Treasurer. The Community Development Administration, an agency of the Department of Economic and Community Development, is authorized to invest in obligations of the U.S. Treasury, U.S. Government agencies and corporations, political subdivisions of the U.S., bankers acceptances, repurchase agreements, corporate debt securities and certificates of deposit with foreign or domestic banks. Repurchase agreements in enterprise funds aggregating $523,332,000 (market value of collateral of $517,831,000) at June 30, 1987 are reported as cash and short-term investments. The collateral for the repurchase agreements is held by the fund's agent in the fund's name.

The State Accident Fund (Fund), in accordance with Article 101, Section 80 of the Annotated Code of Maryland, is permitted to invest in those investments legal for insurance companies as authorized in Article 48A, Sections 97 through 107 of the Code. All investment purchases are authorized by the Fund's

commissioners. Money market investments with an aggregate cost of $131,314,000 (which approximates market) at June 30, 1987, are reported as cash and short-term investments. Other investments of the Fund, which include U.S. Treasury notes, and corporate bonds and stocks, are stated at their market value of $184,927,000 (amortized cost — $173,992,000) at June 30, 1987. Realized gains and losses from the sale of investments are credited or charged to income. Changes in unrealized market appreciation or depreciation are credited or charged to fund equity. Unrealized market appreciation or depreciation is reflected as a reservation of fund equity.

The Pension Trust Fund, in accordance with Article 73 B, Section 161 of the Annotated Code of Maryland, is permitted to make investments subject to the terms, conditions, limitations, and restrictions imposed by the Board of Trustees of the Maryland State Retirement and Pension Systems. The law further provides that not more than 15% of the assets that are invested in common stocks may be invested in non-dividend paying common stocks. The pension trust fund's investments are commingled in two combined investment funds. One investment fund consists principally of bonds and other fixed income investments while the other investment fund consists principally of common stocks. Investments of the pension trust fund are stated at cost, adjusted for amortization of premiums and accretion of discounts.

The investments at June 30, 1987 (amounts expressed in thousands) for the enterprise, nonexpendable and pension trust funds are as follows:

	Category			Carrying	Market
	1	2	3	Value	Value
U.S. Treasury and Agency Obligations	$ 348,146	$ 39,388		$ 387,534	$ 403,020
Certificates of Deposit	16,276			16,276	16,276
Commercial Paper and money market	733,789			733,789	733,789
Corporate debt securities	2,395,307	98,632		2,493,939	2,519,387
Corporate equity securities	2,818,134	46,907		2,865,041	4,765,609
Annuity Contracts	26,799			26,799	26,799
Other	195,723			195,723	193,116
	$6,534,174	$184,927		$6,719,101	$8,657,996

C. Higher Education Fund:

The bank deposits of the Higher Education Fund (Fund) as of June 30, 1987 were entirely insured or collateralized with securities held by the fund or its agent in the fund's name, with the exception of approximately $955,000.

Investment funds established by higher education institutions relate principally to endowment and trust accounts required by debt instruments. In general, endowment funds can be invested in debt and equity securities and trust accounts can be invested only in debt securities. These investments include U.S. Treasury and agency obligations, certificates of deposit, commercial paper, repurchase agreements, bankers acceptances and money market funds.

Investments of the higher education institutions are stated at cost, adjusted for amortization of premiums and accretion of discounts.

The investments at June 30, 1987 (amounts expressed in thousands) for the higher education fund are as follows:

	Category			Carrying	Market
	1	2	3	Value	Value
U.S. Treasury and Agency Obligations	$32,128			$32,128	$32,415
Corporate debt securities	2,539			2,539	2,418
Corporate equity securities	18,798			18,798	28,201
Other	1,124	$460		1,584	1,559
	$54,589	$460		$55,049	$64,592

5. Taxes Receivable:

Taxes receivable (amounts expressed in thousands), as of June 30, 1987, consisted of the following:

	Funds			
	General	Special Revenue	Debt Service	Trust and Agency
Income taxes, current employee withholdings held by employers	$228,860			
Retail sales and use taxes, current taxes held by collectors	119,086			
Transportation taxes, principally motor vehicle fuel and excise		$49,676		
Unemployment compensation taxes				$57,715
Other taxes, principally alcohol, tobacco and property	19,328		$3,904	
	367,274	49,676		57,715
Less allowance for doubtful accounts	648			
Taxes receivable, net	$366,626	$49,676	$3,904	$57,715

6. Loans and Notes Receivable:

Loans and notes receivable (amounts expressed in thousands), as of June 30, 1987, consisted of the following:

	Funds				
	General	Debt Service	Capital Projects	Enterprise	Higher Education
Notes receivable for advances of general obligation bond proceeds:					
Political subdivisions:					
Public school construction		$13,320			
Other		17,806			
Hospitals and nursing homes		34,837			
Permanent mortgage loans				$1,028,394	
Savings and loan association loans				16,763	
National direct student loans					$28,977
Health profession loans					6,423
Shore erosion loans			$12,108		
Other	$783	1,083		123	2,818
	783	67,046	12,108	1,045,280	38,218
Less allowance for possible loan losses		1,178			8,867
Loans and notes receivable, net	$783	$65,868	$12,108	$1,045,280	$29,351

Notes receivable for advances of general obligation bond proceeds bear interest at rates ranging from 3% to 11.1% and mature over the next 30 years. Notes receivable maturing after fiscal year 2002 in the amount of $20,135,000 are deemed to be not available for debt service because all related general obligation bonds are scheduled to be retired by that date. Accordingly, the amount has been reflected as a reservation of debt service fund balance. Such amounts will become available to fund debt service when the due date of the outstanding amounts becomes equal to or less than the maturity dates of general long-term debt.

Savings and loan association loans are purchased from or made to member associations of the Maryland Deposit Insurance Fund Corporation (see Note 14).

National direct student loans and health profession loans are made pursuant to student loan programs funded through the U. S. Government.

7. Property, Plant and Equipment:

Property, plant and equipment (amounts expressed in thousands) consisted of the following as of June 30, 1987:

Enterprise Funds:

	Depreciable Assets	Non-depreciable Assets
Land and improvements (includes land being held for sale of $2,124)		$ 8,574
Structure and improvements	$31,071	1,665,075
Equipment	26,005	579
	57,076	1,674,228
Less accumulated depreciation	29,675	
Total	$27,401	$1,674,228
Nonexpendable Trust Fund:		
Land	$ 164	
Equipment, net of accumulated depreciation of $452	1,323	
Total	$ 1,487	

General Fixed Assets:

General fixed assets activity by asset classification for the year ended June 30, 1987, was as follows (amounts expressed in thousands):

Classification	Balance July 1, 1986	Additions	Deletions	Transfers in (out)	Balance June 30, 1987
Land and improvements	$ 478,522	$ 25,412	$ 5,478	$ 14,185	$ 512,641
Structure and improvements	1,837,270	70,098	3,002	73,740	1,978,106
Equipment	549,448	63,757	20,308	46,365	639,262
Construction in progress	301,616	145,985		(134,290)	313,311
Total	$3,166,856	$305,252	$28,788	$ -0-	$3,443,320

Higher Education Fund:

Land	$ 53,383
Building and improvements	757,734
Contents	421,966
Construction in progress	67,433
Total	$1,300,516

8. General Obligation Bonds:

General obligation bonds are authorized and issued primarily to provide funds for state owned capital improvements, including facilities for institutions of higher learning, and the construction of public schools in political subdivisions. Bonds have also been issued for local government improvements, including grants and loans for water quality improvement projects and correctional facilities, and to provide funds for repayable loans or outright grants to private, not-for-profit cultural or educational institutions. Under constitutional requirements and practice, the Maryland General Assembly, by a separate enabling act, authorizes a loan for a particular object or purpose. Thereafter the Board of Public Works, a constitutional body composed of the Governor, the Comptroller of the Treasury and the State Treasurer, by resolution authorizes the issuance of bonds in a specified amount for part or all of the loan authorized by a particular enabling act.

General obligation bonds, which are paid from the general obligation debt service fund, are backed by the full faith and credit of the State and, pursuant to the State Constitution, they must be fully paid within 15 years from the date of issue. Property taxes, debt service fund loan repayments and general fund appropriations provide the resources for repayment of general obligation bonds.

General obligation bonds outstanding and bonds authorized but unissued (amounts expressed in thousands) as of June 30, 1987, were as follows:

	Outstanding		Authorized But Unissued
Purpose	Interest Rates	Amount	Amount
General construction	4.9% to 11.3%	$ 721,160	$421,879
Public school construction	4.9 to 11.0	758,880	102,760
Water quality	4.9 to 11.8	148,200	129,920
Sanitary facilities and sewage treatment	4.7 to 11.0	13,765	3,300
Hospitals and nursing homes	4.7 to 6.75	19,930	16,300
Community colleges and vocational schools	4.7 to 6.0	28,060	17,300
Airport development	4.9 to 4.9	3,645	
Housing loans	4.7 to 6.75	64,340	9,753
Jails and correctional institutions	4.75 to 6.75	58,350	31,376
Private colleges	4.75 to 11.0	21,915	12,758
Social, cultural and historical	4.75 to 11.0	59,726	23,402
Savings and loan association insurance loan			100,000
Other	4.7 to 11.3	132,444	66,284
		$2,030,415	$935,032

As of June 30, 1987, general obligation debt service requirements for principal and interest (amounts expressed in thousands) in future years were as follows:

Years Ending June 30,	Total	Years Ending June 30,	Total
1988	$385,348	1996	$158,013
1989	371,059	1997	142,859
1990	362,231	1998	118,040
1991	322,658	1999	66,390
1992	253,586	2000	51,329
1993	206,130	2001	33,912
1994	183,600	2002	18,582
1995	171,135		

On July 9, 1987, General Obligation Bonds aggregating $144,860,000 were issued. The interest rates on this issue range from 6.3% to 6.5% and the bonds mature serially through 2002.

9. Transportation Bonds:

Transportation bonds outstanding (amounts expressed in thousands) as of June 30, 1986, were as follows:

	Outstanding
Consolidated Transportation Bonds — 5.2% to 9.0%, due serially through 2001	$235,000
County Transportation Bonds — 4.0% to 5.6% Refunding Series, due serially 1987 through 1997	29,175
County Transportation Bonds — 5.3% to 11.0%, due serially through 2001	123,390
	$387,565

Consolidated Transportation Bonds are limited obligations issued by the Department of Transportation for highway, port, airport or mass transit facilities or any combination of such facilities, the principal of which must be paid within 15 years from the date of issue. The outstanding aggregate principal amount of these bonds may not by law exceed $950,000,000. At June 30, 1987, the principal amount of additional bonds which may be issued under this limitation was $715,000,000.

Consolidated Transportation Bonds are paid from the transportation debt service fund except for the Bond Anticipation Notes (none outstanding at June 30, 1987) which are paid from the proceeds of Consolidated Transportation Bonds which are deposited in the special revenue fund. Principal of and interest on Consolidated Transportation Bonds are payable from the proceeds of certain excise taxes levied by statute and the corporate income tax credited to the Department. These amounts are applicable to the extent necessary for that exclusive purpose before being available for other uses by the Department. If those tax proceeds become insufficient to meet debt service requirements, other receipts of the Department are available for that purpose. The holders of such bonds are not entitled to look to other State resources for payment.

Under the terms of authorizing bond resolutions, additional Consolidated Transportation Bonds may be issued, provided, among other conditions, that (i) total receipts (excluding federal funds for capital projects, bond and note proceeds, income received from a sinking fund separately dedicated to the Refunding Bonds, and other receipts not available for debt service), less administration, operation and maintenance expenses, for the preceding fiscal year equal at least two times the maximum annual debt service on all Consolidated Transportation Bonds outstanding and to be issued and that (ii) total proceeds from pledged taxes equal at least two times the maximum annual debt service on all Consolidated Transportation Bonds outstanding and to be issued.

County Transportation Bonds are issued by the Department and the proceeds are used by participating counties and Baltimore City to fund local road construction, reconstruction and other transportation projects and facilities and to provide local participating funds for federally aided highway projects. Debt service on these bonds is payable from the counties' and Baltimore City's shares of highway user revenues.

By law, the Department may not issue County Transportation Bonds on behalf of a participant if such participant's share of highway user revenues for the latest fiscal year is less than twice such participant's maximum annual debt service on County Transportation Bonds.

As of June 30, 1987, Transportation bond debt service requirements for principal and interest (amounts expressed in thousands) in future years were as follows:

Years ending June 30,	Consolidated Transportation Bonds	County Transportation Bonds	Total Transportation Bond Debt Service Requirements
1988	$34,249	$20,367	$54,616
1989	30,940	20,454	51,394
1990	32,741	20,561	53,302
1991	31,361	20,643	52,004
1992	29,951	20,767	50,718
1993	30,538	20,803	51,341
1994	22,958	20,371	43,329
1995	15,815	20,445	36,260
1996	16,165	13,328	29,493
1997	13,233	12,591	25,824
1998	13,533	8,095	21,628
1999	13,763	5,395	19,158
2000	13,923	2,300	16,223
2001		1,264	1,264

On February 15 and May 25, 1978 the Department of Transportation issued Consolidated Transportation Bonds, Refunding Series 1978 and County Transportation Bonds First Issue Refunding Series 1978, respectively. The net proceeds of these issues, after underwriters' discounts and other financing expenses, in principal amounts aggregating $510,625,000 were used to purchase U. S. Government Securities sufficient to fully provide for the timely payment of $500,585,000 Consolidated Transportation Bonds, State Highway Construction and County Transportation Bonds. The U. S. Government Securities purchased to retire the

Consolidated Transportation Bonds and State Highway Construction Bonds were deposited with escrow agents. As a result of these transactions, the refunded bonds are deemed to be retired and, accordingly, are no longer reported as long-term debt in the accompanying financial statements. At June 30, 1987, the refunded bonds outstanding were $76,615,000.

In December, 1985, the Department of Transportation undertook an exchange of certain securities which were being held in the Consolidated Transportation Bonds, Refunding Series 1978 Sinking Fund. In connection with this exchange, the Department recognized a gain of $53,337,000, while maintaining sufficient U. S. Treasury obligations to fully provide for the timely payment of $354,865,000 of Consolidated Transportation Bonds and interest thereon. As a result of this transaction and the subsequent escrow deposit agreement entered into with the State Treasurer as escrow fund agent, these bonds are defeased and are no longer reported as long-term debt in the financial statements. At June 30, 1987, the defeased bonds outstanding were $354,865,000.

On September 13, 1985, the Department undertook an exchange of certain securities which were being held in the County Transportation Bonds - First Issue, Refunding Series 1978 Sinking Fund. This exchange resulted in the purchase of a sufficient amount of U. S. Treasury obligations to provide for the timely payment of principal and interest on the refunding series. In connection with this exchange, the Department recognized a gain of $39,543,000. An agreement with an escrow fund agent was entered into during fiscal year 1987. As a result, the principal amount of $155,725,000 of County Transporation Bonds — First Issue, Refunding Series 1978 was defeased and are no longer reported as long-term debt in the financial statements. At June 30, 1987, the defeased bonds outstanding were $155,725,000.

On November 18, 1986, the Department issued $29,175,000 County Transportation Bonds — First Issue, Refunding Series 1986 with an average interest rate of 5.41% to advance refund the callable maturities in the amount of $24,680,000 of two separate issues of outstanding County Transportation Bonds, First Issue, Fourth and Fifth Series (Refunded Bonds). The net proceeds of $29,053,000 plus an additional $936,000 of sinking fund monies were used to purchase U.S. Treasury Obligations sufficient to provide for the timely payment of the principal and interest on the Refunded Bonds. Those securities were deposited in an irrevocable trust with an escrow agent. As a result, the Refunded Bonds are considered to be defeased and the liability for those bonds has been removed from the general long-term debt account group. The Department advance refunded the Refunded Bonds to reduce its total debt service payments by $3,672,000 and to obtain an economic gain (difference between the present values of the debt service payments on the old and the new debt) of $2,465,000.

On August 7, 1986, Consolidated Transportation Bonds in the amount of $100,000,000 were issued with a discount of $992,000.

10. Changes in General Long-Term Debt:

Changes in general long-term debt (amounts expressed in thousands) for the year ended June 30, 1987, are summarized as follows:

	General Obligation Bonds	Transportation Bonds	Accrued Retirement Costs	Accrued Annual Leave	Obligations Under Capital Leases
Balance, July 1, 1986	$2,110,075	$ 441,470	$555,292	$71,345	
Bond issuances	164,645	140,590			
Bond principal retirements	(244,305)	(14,090)			
Defeasement of Transportation Bonds		(155,725)			
Refunded Transportation Bonds		(24,680)			
Excess of expenditures in governmental fund types over actuarially determined retirement costs			(32,061)		
Amortization of prior years' liability for unfunded retirement costs			(16,205)		
Net increase in accrued annual leave				10,359	
Net increase in obligations under capital leases					$12,743
Balance, June 30, 1987	$2,030,415	$ 387,565	$507,026	$81,704	$12,743

11. Revenue Bonds, Notes Payable, Loans from Other Funds and Obligations Under Capital Leases:

A. Governmental Fund Types:

Obligations Under Capital Leases:

Obligations under capital leases of $12,743,000 exist as of June 30, 1987 bearing interest at annual rates ranging from 5.85% to 7.0%. The following is a schedule of annual future minimum payments under these obligations, along with the present value of the related net minimum payments as of June 30, 1987 (amounts expressed in thousands):

Years ending June 30,	Amount
1988	$ 5,116
1989	3,518
1990	2,713
1991	1,117
1992	573
1993 and thereafter	5,249
Total future minimum payments	18,286
Less amount representing interest	5,543
Present value of net minimum lease payments	$12,743

B. Enterprise Funds:

Maryland Housing Fund (Fund):

Notes Payable:

The Fund, an agency of the Department of Economic and Community Development, has issued a promissory note to the Community Development Administration in settlement of a multi-family claim for loss in return for Community Development Administration's assignment to the Fund of all its rights and remedies under the mortgage note, the deed of trust and all other agreements, certificates and guarantees related to the loan for which the insurance claim has been made. As of June 30, 1987 the necessary documents evidencing this agreement had not been signed by either party. It is the intent of the Fund and Community Development Administration to execute the documents in the future and for such documents to be retroactive to prior to June 30, 1986. The note requires minimum monthly payments of principal and interest of $15,000 at an interest rate of 10.4% per annum. The balance is due and payable in full by March 31, 2006. The balance at June 30, 1987 is $1,680,000.

Community Development Administration (Administration):

Revenue Bonds:

The Administration, an agency of the Department of Economic and Community Development, has issued revenue bonds, the proceeds of which were used to provide funds for its various mortgage loan programs. Assets aggregating approximately $1,586,922,000 and revenues of each mortgage loan program are pledged as collateral for the respective revenue bonds and notes payable (see below). Interest rates range from 4.0% to 14% and the bonds mature serially through May 15, 2026. Maturities of principal (amounts expressed in thousands) are as follows:

Years ending June 30,	Amount
1988	$ 20,815
1989	24,405
1990	25,990
1991	26,860
1992	28,980
1993 and thereafter	1,312,645
	$1,439,695

Substantially all bonds are subject to redemption provisions at the option of the Administration. Redemptions are permitted at rates ranging from 100% to 103% of outstanding principal amount at dates between 1987 and 2026.

In July and August of 1987 the Administration issued $117,920,000 of revenue bonds.

Notes Payable:

The aggregate amount of notes payable at June 30, 1987, consisted of the 1985 Series A Multi-Family Construction Loan Notes with interest of 6.50% due November 15, 1987 in the amount of $5,725,000.

Maryland Food Center Authority (Authority):

Loans from Other Funds:

The Board of Public Works loaned to the Authority $4,000,000 which was obtained from the issuance of general obligation bonds of the State. The Authority is obligated to pay interest and principal on these bonds after all principal and interest has been repaid on any revenue bonds which may be issued by the Authority.

On May 2, 1969, the State issued bonds to provide $5,000,000 for a construction loan to the Authority. Repayment to the Board of Public Works will consist of principal and interest payments which began in 1984 and will conclude in 1996.

Total principal (expressed in thousands) due to the State is summarized as follows:

Greater Baltimore Regional Consolidated Wholesale Food Market Loan of 1967	$ 5,577
General Construction Loan	4,122
Debt assumed from New Marsh Wholesale Produce Market	795
	$10,494

Maryland Transportation Authority (Authority):

Revenue Bonds:

The Authority has issued Transportation Facilities Projects Revenue Bonds, Series 1985 (Refunding), which are payable solely from the revenues of the transportation facilities projects. Bonds outstanding (amounts expressed in thousands) as of June 30, 1987, consisted of:

Serial bonds maturing in annual installments from $1,805 to $4,540 from July 1, 1987, through July 1, 2000 with interest rates ranging from 5.5% to 8.65%, payable semiannually	$ 40,545
Term bonds with interest at 8.8%, payable semi-annually, due July 1, 2005	29,390
Term bonds with interest at 9.0%, payable semi-annually, due July 1, 2015	114,195
Term bonds with interest at 7.0%, payable semi-annually, due July 1, 2016	17,795
	$201,925

Maturities of principal (amounts expressed in thousands) are as follows:

Years ending June 30,	Amount
1988	$ 1,805
1989	1,905
1990	2,015
1991	2,150
1992	2,290
1993 and thereafter	191,760
	$201,925

The serial bonds maturing after July 1, 1995 are subject to redemption, at the Authority's option, beginning July 1, 1995. The redemption prices range, as a percentage of the principal amount, from 100% to 102%. The bonds maturing July 1, 2016 are subject to redemption, at the Authority's option, beginning July 1, 1995 at a redemption price of 100%. A portion of the bonds maturing on July 1, 2005, $22,480,000, are subject to redemption beginning in 2001. A portion of the bonds maturing July 1, 2015, $97,870,000, are subject to redemption beginning in 2006. The principal amortization requirements range from $4,930,000 to $14,975,000 per year.

In compliance with the Trust Agreement dated December 1, 1985 underlying the Transportation Facilities Projects Revenue Bonds, Series 1985, the Authority has established restricted accounts in the aggregate amount of $161,460,000 for the payments of debt service related to the revenue bonds, major maintenance, project requirements and improvements, betterments or enlargments or capital additions. Assets consisting of cash and short-term investments, $6,357,000; investments, $171,797,000; less current accounts payable, $22,908,000 have been restricted for such purposes.

In December 1985, the Authority placed in escrow $85,625,000 from the 1985 revenue bonds and approximately $4,972,000 from other funds. These deposits were used to purchase U.S. Government Securities with appropriate maturities such that the securities, together with interest accruing thereon, would service the previously outstanding debt of $115,495,000, along with $3,500,000 of accrued interest, thereby defeasing it. Accordingly, these escrow funds and the related liabilities for the refunded bonds are not recorded in the financial statements. At June 30, 1987 the refunded bonds outstanding were $114,315,000.

In August 1981, the Authority entered into an agreement with the City of Baltimore to finance the non-Federal share (approximately $78,000,000) plus related interest of approximately $31,000,000, associated with the constuction of the Fort McHenry Tunnel. The Authority placed approximately $96,000,000 from the 1985 bond issuance into an escrow account to cover these costs and expects to recover its costs through future net toll revenues of the tunnel.

Maryland Environmental Service (Service):

Revenue Bonds:

The Service has issued revenue bonds for the construction of certain projects. The bonds bear interest at rates ranging from 5% to 57% of prime, not to exceed 10.5% and are collateralized by the assets and revenues of the projects and any other revenues of the Service that are not otherwise pledged. All rights, title and interest in the related property, plant and equipment remains with the Service until expiration or completion of the project and repayment of the revenue bonds. Thereafter, title to the assets passes to the governmental unit served by the projects. Maturities of principal (amounts expressed in thousands) are as follows:

Years ending June 30,	Amount
1988	$ 741
1989	744
1990	746
1991	748
1992	751
1993 and thereafter	5,282
	$9,012

State Use Industries:

Loans From Other Funds:

In July 1982, the General fund loaned State Use Industries $2,000,000. The loan bears no interest and is repayable as operational earnings permit with no time limit. The balance at June 30,1987 is $1,945,000.

Maryland Deposit Insurance Fund Corporation:

Notes Payable:

The notes payable of $5,376,000 represent promissory notes payable to member savings and loan associations (see Note 14).

C. Higher Education Fund:

Long-Term Debt:

Certain State colleges have issued revenue bonds and mortgage loans payable for the acquisition and construction of student housing and other facilities. Student fees and other user revenues collateralize the revenue bonds. The mortgage loans payable are collateralized by real estate. Interest rates range from 3% to 7.5% on the revenue bonds and 3% to 10% on the mortgage loans payable. Maturities of principal, (amounts expressed in thousands) are as follows:

Years ending June 30,	Revenue Bonds	Mortgages	Total
1988	$ 2,235	$ 934	$ 3,169
1989	2,360	973	3,333
1990	2,480	1,063	3,543
1991	2,625	1,118	3,743
1992	2,770	1,186	3,956
1993 and thereafter	55,555	16,953	72,508
	$68,025	$22,227	$90,252

As of June 30, 1985, the University of Maryland had outstanding $55,000,000 of variable rate demand bonds issued April 23, 1985, which were subject to mandatory and optional redemption. The University had the option to convert all or part of the bonds to a fixed rate of interest. On May 1, 1986 the University converted all variable rate demand bonds then outstanding ($53,800,000) to a fixed annual rate of interest ranging from 4.75% to 7.30%, maturing serially on April 1 of each year from 1987 to 2005. Interest on the bonds is payable semi-annually each October 1 and April 1, commencing October 1, 1986, except that the initial interest payment will be for the five month period beginning with the date of conversion, May 1, 1986. An irrevocable letter of credit issued by a bank in connection with the variable rate bond issue was terminated upon conversion of the bonds.

The bonds issued are the debt and obligation of the University and are not a debt and obligation of, or pledge of, the faith and credit of the State.

Obligations Under Capital Leases:

Obligations under capital leases of $45,338,000 exist as of June 30, 1987 bearing interest at annual rates ranging from 6.5% to 17.5%. The following is a schedule of annual future minimum payments under these obligations, along with the present value of the related net minimum payments as of June 30, 1987 (amounts expressed in thousands):

Years ending June 30,	Amount
1988	$ 10,087
1989	9,508
1990	7,131
1991	6,110
1992	4,992
1993 and thereafter	92,825
Total future minimum payments	130,653
Less amount representing interest	85,315
Present value of net minimum lease payments	$ 45,338

12. Contributed Capital:

The changes in contributed capital of the enterprise funds (amounts expressed in thousands) for the year ended June 30, 1987, are as follows:

	Economic Development					
	Insurance Programs	Loan Programs	Maryland Transportation Authority	Maryland Environmental Service	State Use Industries	Total
Balance, July 1, 1986	$62,795	$130,547	$763,785	$13,687	$391	$971,208
Contributions	4,000	7,443		1,465		12,908
Loss on disposal of contributed assets		(419)			(3)	(422)
Depreciation on contributed assets				(1,400)	(2)	(1,402)
Balance, June 30, 1987	$66,795	$137,571	$763,785	$13,752	$389	$982,292

13. Segment Information — Enterprise Funds:

Activity segments included in enterprise funds are described in Note 1B. Selected financial information (amounts expressed in thousands) with respect to these segments in as follows:

	Segments								
	Insurance Programs	Loan Programs	Warehouse Development and Rentals	Toll Facilities (Maryland Transportation Authority)	Lottery	Water Supply Waste Disposal	Manufacturing	Student Loan Insurance Program	Savings and Loan Deposit Insurance
Operating revenues	$ 10,670	$ 145,938	$ 3,479	$ 114,206	$760,678	$16,000	$17,076	$ 10,462	$ 5,640
Depreciation and amortization		1,167	403	427	4,066	1,530	266	20	32
Operating income (loss)	5,502	(2,314)	692	26,460	333,325	(1,694)	2,960	(21,156)	(146,131)
Operating grants		15,207					23,294		
Operating interfund transfers:									
In									16,161
Out					(332,366)				
Net income (loss)	5,502	12,893	692	26,460	959	(1,694)	2,960	2,138	(129,970)
Current capital contributions	4,000	7,443				1,465			
Property, plant, and equipment:									
Additions				33,356	1,080	677	395		
Deletions		189	71					111	
Total assets	133,704	1,784,602	24,554	1,861,110	164,146	26,939	9,499	27,041	228,666
Bonds and other long-term liabilities:									
Payable from other sources	1,680	5,725							5,376
Payable from operating revenues		1,439,695		201,925		9,012			
Total capital (deficit)	122,308	270,530	8,901	1,632,763	14,393	13,788	6,632	13,438	(212,432)

14. State of Maryland Deposit Insurance Fund Corporation:

During 1985, several State-chartered savings and loan associations, whose deposits were insured by the Maryland Savings-Share Insurance Corporation (MSSIC), experienced unusually heavy withdrawals of funds by depositors which caused a substantial decline in their liquid assets. As a result, MSSIC was appointed by the Circuit Court of Baltimore City to act as conservator for two of the associations. On May 17, 1985, the Maryland General Assembly enacted legislation creating the State of Maryland Deposit Insurance Fund Corporation (MDIFC), an agency of the State of Maryland Department of Licensing and Regulation and the successor by statutory merger to MSSIC. On May 18, 1985, all savings and loan associations that were members of MSSIC automatically became members of MDIFC. MDIFC insures members' savings deposits deposited prior to that date up to $100,000 per account and amounts deposited after that date up to the amount insured by the Federal Savings and Loan Insurance Corporation (FSLIC). The savings accounts of all associations operating in the State must be insured by either MDIFC or FSLIC.

Emergency legislation also gave authority to the Maryland Board of Public Works to issue, at its discretion, general obligation bonds of the State not to exceed the aggregate principal amount of $100,000,000. Bond proceeds may be provided to MDIFC or to the Savings and Loan Association Capital Stabilization Fund (the "Fund"), a special non-lapsing fund established by the legislation. The Fund may be applied at the discretion of the Governor to purchase net worth certificates of any Maryland chartered savings and loan association if, in the opinion of the Secretary of Licensing and Regulation, by so doing the association will qualify for insurance of its deposits and accounts by FSLIC. Net worth certificates are special capital instruments which MDIFC-insured associations are authorized to issue for the purpose of increasing their capital. The Board of Public Works may authorize the purchase of such certificates in exchange for money, bond anticipation notes, or other obligations of the State in consideration for the net worth certificates. The net worth certificates give the State the right to exercise significant operational control over the association and may be convertible into stock of a capital stock association. As of October 30, 1987 none of the authorized $100,000,000 general obligations bonds had been issued, however, net worth certificates totalling $11,906,000 had been purchased from seven associations in exchange for a like principal amount of bond anticipation notes of the State. Each of the bond anticipation notes mature three years after its date of issuance, subject to prior redemption at par at any time at the option of the State, and bear interest, payable annually, at rates of 8.1% to 9.3%. The net worth certificates bear interest at 1.5% above the bond anticipation notes. The State does not intend to redeem the net worth certificates nor to issue general obligation bonds in connection with these transactions and, accordingly, the net worth certificates and bond anticipation notes have not been recorded in the State's financial statements. Interest received on net worth certificates and interest paid on bond anticipation notes during fiscal year 1987 are recorded in the general obligation debt service fund. Each of the seven associations have presented plans acceptable to the State to redeem their net worth certificates within three years.

The emergency legislation also gave the Governor and others certain emergency powers. As of October 30, 1987, four savings and loan associations are in receivership. The deposits at these associations have been frozen and earn no interest pending liquidation of the associations' assets. Also, as of this date, two other savings and loan associations are under conservatorship. By order of the Circuit Court, the savings deposits held by these associations under conservatorship have been frozen and are to earn interest at the contract rate for unmatured certificates of deposit and at 5.25% per annum for all other accounts. In addition, under a 1985 executive order, withdrawals from two other associations not insured by FSLIC are still limited to $1,000 per month per account.

On May 13, 1986, a bank acquired the insured depositor accounts and certain assets of a member association in receivership. At the end of three years, certain assets acquired by the bank will be appraised and the receivership will share in any gains or losses over adjusted book value. The receivership may also be required to repurchase certain other assets at the end of three years for their adjusted book value. If the receivership fails to make any required payment to the bank , then MDIFC will make the required payment and become subrogated to the bank's claim against the receivership. MDIFC has secured its obligation to make payments to the bank by pledging $46,700,000 of bond anticipation notes of the State issued to MDIFC. Since the bond anticipation notes were issued only as collateral for the aforementioned guarantee and the State does not intend to issue general obligation bonds in connection with the bond anticipation notes, such notes have not been recorded in the financial statements of the State as of June 30, 1987.

The balance sheet of MDIFC at June 30, 1987 includes $189,817,000 of deposits resulting from distributions to depositors of two member associations in receivership, the purchase of certain assets from one member association and settlement of a lawsuit. The distributions totalled $180,350,000 and were made in accordance with the Governor's General Distribution Plan, approved on March 5, 1986. The amount distributed includes $110,789,000 paid in fiscal year 1986 and $69,561,000 paid in fiscal year 1987. The 1987 distribution was partially funded by a transfer of $15,000,000 from the State of Maryland General Fund and borrowings of $15,000,000 from a bank, which were repaid during fiscal year 1987. MDIFC received subrogation of the depositor's rights to their share of proceeds from the liquidation of the associations' net assets in an amount equal to the distribution. MDIFC received $13,422,000 in deposit distributions from two member associations in receivership during fiscal year 1987.

In the wake of the savings and loan crisis discussed above, an allowance for estimated insurance losses of $400,000,000 at June 30, 1987 has been established; however, MDIFC's ultimate liability, if any, cannot presently be determined.

Additionally, MDIFC and MSSIC are parties to numerous lawsuits, and, in the opinion of the Attorney General of the State of Maryland the outcome of the litigation cannot presently be determined. Furthermore, there may be additional future litigation involving MDIFC.

A condensed balance sheet of MDIFC as of June 30, 1987 is as follows (amounts expressed in thousands):

Assets:	
Cash and investments	$ 21,702
Loans and notes receivable	16,763
Deposits at Old Court Savings and Loan and First Maryland Savings and Loan	189,817
Other Assets	384
	$228,666
Liabilities:	
Estimated loss on insured savings deposits	$400,000
Capital notes	5,376
Deferred federal income taxes	35,000
Other liabilities	722
	441,098
Deficiency in Assets:	
Capital deposits by members	144,224
Deficit	(356,656)
	(212,432)
	$228,666

15. Retirement and Pension Systems:

As of June 30, 1987, the State of Maryland had employee retirement and pension programs as follows:

"Retirement Systems"—for employees, teachers and State police—retirement programs for substantially all State employees, teachers and State police who are not members of the State Pension System.

"Pension Systems"—for employees and teachers—retirement programs for employees and teachers hired after January 1, 1980, and prior employees who have elected to transfer from the Retirement Systems.

"Judges' Pension System"—retirement program for State judges.

"Mass Transit Administration Pension Plan"—a retirement program for certain employees of the Mass Transit Administration.

All Retirement and Pension Systems, other than the Mass Transit Administration Pension Plan, are jointly contributory. Employee contributions are established at fixed percentages of total employee compensation, except for the Pension Systems where employee contributions are established at fixed percentages of employee compensation in excess of the F.I.C.A. taxable wage base. The Mass Transit Administration Pension Plan is a pay-as-you-go plan and requires no employee contributions.

The consulting actuary for the retirement and pension systems, other than the Mass Transit Administration Pension Plan, prepared valuations as of June 30, 1986, using the entry age actuarial cost method. Retirement costs for 1987 on this basis aggregated approximately $390,891,000 for governmental fund types and $42,610,000 for the higher education fund, including amortization of unfunded liabilities over 40 years and interest thereon. Such amortization is being calculated using the straight-line method which began in fiscal year 1981.

The consulting actuary for the Mass Transit Administration Pension Plan prepared a valuation as of June 30, 1987, using the entry age normal cost method. Retirement costs for 1987 on this basis aggregated approximately $5,200,000 for governmental fund types, including amortization of unfunded liabilities over 30 years.

Retirement expenditures applicable to governmental fund types for the year ended June 30, 1987, aggregated approximately $439,157,000. The excess of retirement expenditures over retirement costs of approximately $32,061,000, is included in the general long-term debt account group. Retirement expenditures for the Mass Transit Administration Pension Plan on the pay-as-you-go basis aggregated approximately $3,571,000 for the year ended June 30, 1987.

Selected data (amounts expressed in thousands) compiled in accordance with Financial Accounting Standards Board Statement No. 35, with respect to each plan is as follows:

	State Contributions for the year ended June 30, 1987	Actuarial Present Value of Accumulated Plan Benefits as of June 30, 1986(a)	Net Assets available for Plan Benefits(b)
Employees' Retirement System	$ 48,142	$2,694,065	$1,820,189
Teachers' Retirement System	164,330	5,657,166	3,583,307
State Police Retirement System	16,460	239,030	256,561
Employees' Pension System	89,958	266,996	617,056
Teachers' Pension System	158,712	256,349	483,460
Judges' Pension System	7,842	88,769	26,571
Mass Transit Administration Pension Plan	3,571	N/A	N/A
Total	$489,015	$9,202,375	$6,787,144

(a) The following assumed rates of returns, as promulgated by the Pension Benefit Guaranty Corporation, were used in determining the actuarial present value of accumulated plan benefits:

for immediate annuities - 7¾%

for deferred annuities - 7% for the first 7 years prior to benefit comencement, 5¾% for the next 8 years, 4% thereafter

(b) Net assets at actuarially determined market value as of June 30, 1986.

N/A-Not applicable

The actuarially computed value of the unfunded accrued liabilities (amounts expressed in thousands) for each plan is as follows:

	June 30, 1987
Employees' Retirement System	$2,038,675
Teachers' Retirement System	4,793,510
State Police Retirement System	134,509
Employees' Pension System	(43,210)
Teachers' Pension System	279,082
Judges' Pension System	67,855
Mass Transit Administration Pension Plan	52,398
Total	$7,322,819

The actuarially computed value of the unfunded accrued liabilities is greater than the unfunded actuarial present value of accumulated plan benefits principally because the method for determining the actuarial present value of accumulated plan benefits does not take into consideration anticipated future wage and salary increases and uses different rate assumptions.

For asset and investment management purposes, the State combined the assets of all State administered retirement and pension systems into a pooled trust fund. Accordingly, the financial statements for the State administered pension fund are presented on a combined basis in the fiduciary fund type financial statements. Individual retirement systems' equity in the pension fund balance (amounts expressed in thousands) as of June 30, 1987 is as follows:

	Fund Balance (a)	
	Employee Annuity Savings (b)	Retirement Accumulation Fund (c)
Employees' Retirement System	$ 357,623	$1,184,712
Teachers' Retirement System	752,356	2,331,146
State Police Retirement System	34,293	200,922
Employees' Pension System	4,231	681,450
Teachers' Pension System	6,107	582,147
Judges' Pension System	6,618	
Total	$1,161,228	$4,980,377

Changes in the pension fund balances (amounts expressed in thousands) for the year ended June 30, 1987, were as follows:

	Fund Balance (a)	
	Employee Annuity Savings (b)	Retirement Accumulation Fund (c)
Balance, July 1, 1986	$1,088,212	$4,139,032
Increases:		
Member contributions	105,263	
Employer contributions		539,265
Investment and other income		732,069
Decreases:		
Benefit payments		(436,614)
Refunds	(14,845)	
Administrative expenses		(10,777)
Transfers to the Employee Annuity Savings Fund for interest credited to members' accounts	47,109	(47,109)
Transfers to the Retirement Accumulation Fund for contributions of retiring members	(64,511)	64,511
Balance, June 30, 1987	$1,161,228	$4,980,377

(a) The consulting actuary annually determines the changes in fund balances resulting from transfers of employees from the Employees' and Teachers' Retirement Systems to the Employees' and Teachers' Pension Systems and allocations of investment income. Such changes for the year ended June 30, 1987, will be determined as a result of an uncompleted actuarial valuation as of July 1, 1987, and, accordingly, the amounts of such changes will be included in the financial statements for the year ending June 30, 1988.

(b) Contributions made by members together with interest thereon are credited to the Employee Annuity Savings Fund.

(c) Contributions made by the employer and investment income thereon are credited to the Retirement Accumulation Fund.

On September 17, 1987, the Board of the Maryland State Retirement and Pension Systems approved a major change in its asset allocation investment policy. The Board directed that investments in equity securities be reduced from approximately 60% of the total portfolio to approximately 30% of the total portfolio. The Board further directed that a dedicated bond portfolio be developed, which would provide scheduled payments of principal and interest that match the actuarially projected benefit payments to members of all of the Systems who had retired prior to July 1, 1987. As a result, approximately $2,300,000,000 in equity securities were sold prior to mid-October 1987, and approximately $4,000,000,000 in fixed income securities were purchased or transferred to the dedicated bond portfolio. That portfolio has an average yield of approximately 10%. As a result of these transactions, the total unfunded actuarial liability of the Systems was reduced by approximately $1,300,000,000. The effect of this reduction will be to reduce State contributions to the Systems in future years.

16. Commitments:

The State leases office space under various agreements that are accounted for as operating leases. Many of the agreements contain rent escalation clauses and renewal options. Future lease expense commitments under these agreements at June 30, 1987 are as follows (amounts expressed in thousands):

Years ending June 30,	Amounts
1988	$ 26,006
1989	23,017
1990	18,021
1991	13,120
1992	8,749
1993 and thereafter	23,070
	$111,983

At June 30, 1987, the Department of Transportation and Maryland Transportation Authority had commitments of approximately $604,232,000 and $139,000,000, respectively, for construction of highway and mass transit facilities. Approximately 55% of future expenditures related to the Department of Transportation commitments are expected to be reimbursed from proceeds of approved federal grants when the actual costs are incurred. The remaining portion will be funded by other financial resources of the Department.

The Department of Transportation, as lessor, leases terminal space at various marine terminals, airport facilities and office space pursuant to various operating leases. Minimum future rental revenues (amounts expressed in thousands) are as follows:

Years ending June 30,	Noncancellable Operating Leases Minimum Future Rentals
1988	$ 9,873
1989	10,742
1990	10,217
1991	9,743
1992	8,839
1993-1997	31,246
1998-2002	29,995
2003 and thereafter	65,951
	$176,606

Total minimum future rental revenues do not include contingent rentals that may be received under certain concession leases on the basis of a percentage of the concessionaire's gross revenue in excess of stipulated minimums. Rent revenue was approximately $48,349,000 for the year ended June 30, 1987, including contingent rentals of approximately $17,533,000. Assets of the Department of Transportation subject to such operating lease agreements are included in the general fixed assets account group. The cost of these assets was approximately $247,998,000 at June 30, 1987.

As of June 30, 1987, the Maryland State Lottery had commitments of approximately $23,150,000 for services to be rendered relating principally to the operation of the lottery game.

The State is insured for workers' compensation losses by the State Accident Fund under a contract which provides for the State to pay premiums based upon loss experience plus a proportionate share of administrative costs. In the event of termination of the contract, the State is obligated for any premium deficiency existing at the time of termination. As of June 30, 1987, anticipated workers' compensation claims in the amount of $56,003,000 applicable to State employees were accrued in the nonexpendable trust fund. For the year ended June 30, 1987, the State paid the State Accident Fund approximately $16,462,000 in premiums.

17. Contingencies:

The State is party to legal proceedings, which normally occur in governmental operations. Other than the litigation discussed in Note 14, the legal proceedings are not, in the opinion of the Attorney General, likely to have a material, adverse impact on the financial position of the affected funds.

As of June 30, 1987, mortgage loan insurance programs included in the enterprise funds were contingently liable as insurer of mortgage loans payable, or portions of mortgage loans payable, in an aggregate amount of approximately $522,267,000 (including $391,757,000 for the economic development loan programs). In addition, there are commitments to insure mortgage loans which would represent additional contingent liabilities of approximately $34,020,000.

The Maryland Higher Education Loan Corporation (Corporation), as endorser of student loans, is contingently liable to lending institutions for purchase of student loans in default. In the event of such default, the Corporation is liable to the lending institution for the unpaid principal amount of the loan plus unpaid interest, including interest accrued from the date of default until the date of purchase by the Corporation. At June 30, 1987, the Corporation has endorsed loans outstanding of approximately $726,000,000. These loans are covered by a federal reinsurance agreement with the U.S. Department of Education. The agreement provides for repurchase by the U.S. Department of Education of 100% of the amount of loans which default; however, if the default rate exceeds 5% of the loans in repayment status as of September 30 of the preceding year, the reinsurance rate is 90%, and for all defaults in excess of 9% the reinsurance rate is 80%.

The State receives significant financial assistance from the U. S. Government. Entitlement to the resources is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable Federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. Any disallowances as a result of these audits become a liability of the fund which received the grant. As of June 30, 1987, the State estimates that no material liabilities will result from such audits.

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COMBINING FINANCIAL STATEMENTS AND SCHEDULES

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STATE OF MARYLAND

Combining Balance Sheet

Debt Service Funds

June 30, 1987

(Expressed in Thousands)

	General Obligation Bonds	Transportation Bonds	Total
Assets:			
Cash and short-term investments	$ 16,963	$ 594	$ 17,557
Investments		68,841	68,841
Taxes receivable	3,904		3,904
Other accounts receivable		1,317	1,317
Loans and notes receivable, net	65,868		65,868
Loans to other funds	10,494		10,494
Total assets	$97,229	$70,752	$167,981
Liabilities:			
Deferred revenue	$ 2,570		$ 2,570
Matured bonds and interest coupons payable	7,948		7,948
Total liabilities	10,518		10,518
Fund Balance:			
Reserved for:			
Loans and notes receivable	20,135		20,135
Unreserved:			
Designated for:			
General long-term obligation bond debt service	66,576		66,576
Transportation bond debt service		$70,752	70,752
Total fund balances	86,711	70,752	157,463
Total liabilities and fund balances	$97,229	$70,752	$167,981

STATE OF MARYLAND

Combining Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Fund Balances

Debt Service Funds

for the year ended June 30, 1987

(Expressed in Thousands)

	General Obligation Bonds	Transportation Bonds	Total
Revenues:			
Other taxes	$118,891		$118,891
Interest and other investment income	5,901	$ 7,693	13,594
Other	937		937
Gain on exchange of securities		39,543	39,543
Total revenues	125,729	47,236	172,965
Expenditures:			
Debt service:			
Principal retirement	244,305	14,090	258,395
Interest	151,640	34,044	185,684
Total expenditures	395,945	48,134	444,079
Excess (deficiency) of revenue over expenditures	(270,216)	(898)	(271,114)
Other sources (uses) of financial resources:			
Operating transfers in	247,813	57,159	304,972
Operating transfers out	(70)	(3,257)	(3,327)
Defeasance of transportation bonds		(155,725)	(155,725)
Net other sources (uses) of financial resources	247,743	(101,823)	145,920
Deficiency of revenues over expenditures and net other sources (uses) of financial resources	(22,473)	(102,721)	(125,194)
Fund balances, July 1, 1986	109,184	173,473	282,657
Fund balances, June 30, 1987	$ 86,711	$70,752	$157,463

STATE OF MARYLAND

Combining Balance Sheet

Enterprise Funds

June 30, 1987

(Expressed in Thousands)

	Economic Development		Maryland Food	Maryland Trans-	Maryland	Maryland Environ-		Maryland Higher Education	Maryland Deposit Insurance	
	Insurance Programs	Loan Programs	Center Authority	portation Authority	State Lottery	mental Service	State Use Industries	Loan Corporation	Fund Corporation	Total
Assets:										
Cash and short-term investments	$112,203	$ 475,951	$ 7,660	$ 664	$ 30,470	$ 1,553	$2,345	$21,884	$ 1,932	$ 654,662
Investments	13,551	232,962		7,425	118,238			2,969	19,770	394,915
Intergovernmental receivables						870		1,845		2,715
Other accounts receivable	1,484	17,743	78	875	11,174	1,901	2,292	237	288	36,072
Inventories				326	203		3,342			3,871
Loans and notes receivable	4,496	1,023,898	123						16,763	1,045,280
Property, plant and equipment, net		579	16,693	1,665,075	3,959	13,601	1,520	106	96	1,701,629
Restricted assets				178,154		1,681				179,835
Deposits									189,817	189,817
Other assets	1,970	33,469		8,591	102	7,333				51,465
Total assets	$133,704	$1,784,602	$24,554	$1,861,110	$164,146	$26,939	$9,499	$27,041	$228,666	$4,260,261
Liabilities:										
Accounts payable and accrued liabilities	$ 171	$ 32,648	$ 527	$ 2,847	$ 2,063	$ 4,139	$ 799	$ 48	$ 250	$ 43,492
Due to other funds					19,155					19,155
Lottery prizes					125,164					125,164
Accrued insurance and loan losses	7,637	536						375	400,000	408,548
Other liabilities	56	29,568	4,580		47			1,048	54	35,353
Deferred revenue	1,852	5,900	52	667	3,324		123	12,132	418	24,468
Loans from other funds			10,494				1,945			12,439
Capital notes									5,376	5,376
Notes payable	1,680	5,725								7,405
Liabilities payable from restricted assets				22,908						22,908
Deferred federal income taxes									35,000	35,000
Revenue bonds payable		1,439,695		201,925		9,012				1,650,632
Total liabilities	11,396	1,514,072	15,653	228,347	149,753	13,151	2,867	13,603	441,098	2,389,940
Capital:										
Contributed capital	66,795	137,571		763,785		13,752	389			982,292
Capital deposits by members									144,224	144,224
Retained earnings:										
Reserved				161,460	9,759	77				171,296
Unreserved (deficit)	55,513	132,959	8,901	707,518	4,634	(41)	6,243	13,438	(356,656)	572,509
Total capital (deficit)	122,308	270,530	8,901	1,632,763	14,393	13,788	6,632	13,438	(212,432)	1,870,321
Total liabilities and capital	$133,704	$1,784,602	$24,554	$1,861,110	$164,146	$26,939	$9,499	$27,041	$228,666	$4,260,261

STATE OF MARYLAND

Combining Statement of Revenues, Expenses and Changes in Retained Earnings

Enterprise Funds

for the year ended June 30, 1987

(Expressed in Thousands)

	Insurance Programs	Loan Programs	Maryland Food Center Authority	Maryland Transportation Authority	Maryland State Lottery	Maryland Environmental Service	State Use Industries	Maryland Higher Education Loan Corporation	Maryland Deposit Insurance Fund Corporation	Total
Operating revenues:										
Lottery ticket sales					$760,500					$ 760,500
Charges for services and sales	$ 3,497	$ 57	$3,021	$100,235		$15,926	$17,076	$ 1,979		141,791
Interest and other investment income	7,124	142,090	456	13,232	178	74		1,602	$ 5,122	169,878
Other	49	3,791	2	739				6,881	518	11,980
Total operating revenues	10,670	145,938	3,479	114,206	760,678	16,000	17,076	10,462	5,640	1,084,149
Operating expenses:										
Prizes and claims					364,378					364,378
Commissions and bonuses					38,625					38,625
Cost of sales and services							11,988	26,239		38,227
Operation and maintenance of facilities		19,101		65,625		13,465				98,191
General and administrative	2,689	4,694	1,550	4,458	20,284	2,238	1,860	5,210	1,145	44,128
Interest		119,499	834	17,236		461			3,746	141,776
Depreciation and amortization		1,167	403	427	4,066	1,530	266	20	32	7,911
Provision for insurance and loan losses	2,479	1,112						115	137,130	140,836
Provision for income tax contingency									9,718	9,718
Other		2,679					2	34		2,715
Total operating expenses	5,168	148,252	2,787	87,746	427,353	17,694	14,116	31,618	151,771	886,505
Operating income (loss) before operating grants and transfers	5,502	(2,314)	692	26,460	333,325	(1,694)	2,960	(21,156)	(146,131)	197,644
Non-operating revenues-operating grants		15,207						23,294		38,501
Operating income (loss) before transfers	5,502	12,893	692	26,460	333,325	(1,694)	2,960	2,138	(146,131)	236,145
Operating transfers in									16,161	16,161
Operating transfers out					(332,366)					(332,366)
Net income (loss)	5,502	12,893	692	26,460	959	(1,694)	2,960	2,138	(129,970)	(80,060)
Add: Depreciation of cost of assets acquired from contributed capital						1,400	2			1,402
Increase (decrease) in retained earnings	5,502	12,893	692	26,460	959	(294)	2,962	2,138	(129,970)	(78,658)
Retained earnings (deficit), July 1, 1986	50,011	120,066	8,209	842,518	13,434	330	3,281	11,300	(226,686)	822,463
Retained earnings (deficit), June 30, 1987	$55,513	$132,959	$8,901	$868,978	$14,393	$ 36	$ 6,243	$13,438	$(356,656)	$ 743,805

STATE OF MARYLAND

Combining Statement of Changes in Financial Position

Enterprise Funds

for the year ended June 30, 1987

(Expressed in Thousands)

	Insurance Programs	Loan Programs	Maryland Food Center Authority	Maryland Transportation Authority	Maryland State Lottery	Maryland Environmental Service	State Use Industries	Maryland Higher Education Loan Corporation	Maryland Deposit Insurance Fund Corporation	Total
Sources of financial resources:										
Operations:										
Net Income (loss)	$ 5,502	$ 12,893	$ 692	$26,460	$ 959	$(1,694)	$2,960	$ 2,138	$(129,970)	$(80,060)
Expenses not requiring current outlay of financial resources:										
Depreciation and amortization		1,167	403	427	4,066	1,530	266	20	32	7,911
Total sources (uses) of financial resources from operations	5,502	14,060	1,095	26,887	5,025	(164)	3,226	2,158	(129,938)	(72,149)
Increase (decrease) in due to other funds					19,155			(697)		18,458
Increase in lottery prizes					37,066					37,066
Increase (decrease) in accrued insurance and loan losses	1,078	536						(364)	137,100	138,350
Issuance of revenue bonds		360,345								360,345
Decrease in restricted assets				467		3,252				3,719
Increase in liabilities payable from restricted assets				5,720						5,720
Increase in deferred federal income taxes									9,718	9,718
Contributed capital	4,000	7,024				1,465	(3)			12,486
Total sources of financial resources	10,580	381,965	1,095	33,074	61,246	4,553	3,223	1,097	16,880	513,713
Uses of financial resources:										
Increase (decrease) in investments	(20,048)	16,535	(6,726)	793	36,082			(17,363)	(3,660)	5,613
Increase (decrease) in other accounts, loans and notes receivable	1,385	25,518	112	185	6,060	339	1,034	(2,946)	(99,900)	(68,213)
Increase (decrease) in inventories				57	203		(799)			(539)
Decrease in loans from other funds			308							308
Acquisition (disposal) of fixed assets		(189)	(71)	33,356	1,080	677	395	(111)		35,137
Increase in deposits									57,640	57,640
Decrease (increase) in accounts payable and accrued liabilities	483	2,259	259	(495)	(449)	(386)	(355)	216	2,083	3,615
Decrease in capital notes									83,486	83,486
Repayment of notes payable	10	10,551								10,561
Retirement of revenue bonds		391,482				923				392,405
Other, net	(585)	(10,954)	(154)	(336)	(206)	3,212	1,880	114	(3)	(7,032)
Total uses of financial resources	(18,755)	435,202	(6,272)	33,560	42,770	4,765	2,155	(20,090)	39,646	512,981
Net increase (decrease) in unrestricted cash and short-term investments	$29,335	$(53,237)	$7,367	$ (486)	$18,476	$ (212)	$1,068	$21,187	$ (22,766)	$ 732

STATE OF MARYLAND

Combining Balance Sheet

Fiduciary Fund Types

June 30, 1987

				Agency Funds						
	Expendable Trust Fund	Non-expendable Trust Fund	Pension Trust Fund	Patient and Prisoner Accounts	Deferred Compensation Plan	Local Highway Grants	Local Admissions and Amusement taxes	Local Income Taxes	Payroll Taxes and Fringe Benefits	Total
Assets:										
Cash and short-term investments		$131,517		$4,190	$ 263		$6,724	$267,565	$25,197	$ 435,456
Investments		184,927	$6,139,259		260,530				3,561	6,588,277
Amount on deposit with U.S. Treasury	$546,823									548,398
Taxes receivable	57,715									57,715
Other accounts receivable		9,170	9,763		4,758				31	23,722
Due from other funds								82,804		82,804
Inventories		96								96
Property, plant and equipment, net		1,487								1,487
Total assets	$604,538	$327,197	$6,149,022	$4,190	$265,551	$-0-	$6,724	$350,369	$28,789	$7,736,380
Liabilities:										
Accounts payable and accrued liabilities	$8,214		$ 1,766	$4,190	$ 290				$27,355	$41,815
Due to other funds							$1,014		1,434	2,448
Accounts payable to political subdivisions and local income tax refunds							5,710	$350,369		356,079
Accrued insurance losses		$209,390								209,390
Other liabilities		11,692	5,651							17,343
Deferred compensation benefits payable					265,261					265,261
Deferred revenue		20,364								20,364
Total liabilities	8,214	241,446	7,417	4,190	265,551		6,724	350,369	28,789	912,700
Fund balances:										
Reserved for:										
Pension benefits			6,141,605							6,141,605
Workers' compensation benefits		74,816								74,816
Unemployment compensation benefits	596,324									596,324
Unrealized market appreciation on investments		10,935								10,935
Total fund balances	596,324	85,751	6,141,605							6,823,680
Total liabilities and fund balances	$604,538	$327,197	$6,149,022	$4,190	$265,551	$-0-	$6,724	$350,369	$28,789	$7,736,380

STATE OF MARYLAND

Combining Statement of Changes in Assets and Liabilities — All Agency Funds for the year ended June 30, 1987

(Expressed in Thousands)

	Balance July 1, 1986	Additions	Deletions	Balance June 30, 1987
Patient and Prisoner Accounts				
Assets:				
Cash and short-term investments	$ 3,892	$ 10,956	$ 10,658	$ 4,190
Liabilities:				
Accounts payable and accrued liabilities	$ 3,892	$ 8,897	$ 8,599	$ 4,190
Deferred Compensation Plan				
Assets:				
Cash and short-term investments		$ 263		$ 263
Investments	$225,396	53,572	$ 18,438	260,530
Other accounts receivable	3,590	2,367	1,199	4,758
Total assets	$228,986	$ 56,202	$ 19,637	$265,551
Liabilities:				
Accounts payable and accrued liabilities	$ 75	$ 290	$ 75	$ 290
Deferred compensation benefits payable	228,911	50,057	13,707	265,261
Total liabilities	$228,986	$ 50,347	$ 13,782	$265,551
Local Highway Grants				
Assets:				
Cash and short-term investments	$ 4,938	$ 95,998	$ 100,936	$ 0
Liabilities:				
Accounts payable to political subdivisions	$ 4,938	$ 95,998	$ 100,936	$ 0
Local Admissions and Amusements Taxes				
Assets:				
Cash and short-term investments	$ 7,460	$ 22,498	$ 23,234	$ 6,724
Liabilities:				
Due to other funds	$ 2,410	$ 1,014	$ 2,410	$ 1,014
Accounts payable to political subdivisions	5,050	21,125	20,465	5,710
Total liabilities	$ 7,460	$ 22,139	$ 22,875	$ 6,724
Local Income Taxes				
Assets:				
Cash and short-term investments	$137,960	$1,102,364	$ 972,759	$267,565
Due from other funds	168,561	82,804	168,561	82,804
Total assets	$306,521	$1,185,168	$1,141,320	$350,369
Liabilities:				
Accounts payable to political subdivisions and local income tax refunds	$306,521	$1,171,683	$1,127,835	$350,369
Payroll Taxes and Fringe Benefits				
Assets:				
Cash and short-term investments	$ 22,470	$1,270,329	$1,267,602	$ 25,197
Investments	8,759	636,787	641,985	3,561
Other accounts receivable	9,769	223,848	233,586	31
Due from other funds		103,909	103,909	
Total assets	$ 40,998	$2,234,873	$2,247,082	$ 28,789
Liabilities:				
Accounts payable and accrued liabilities	$ 38,791	$ 606,119	$ 617,555	$ 27,355
Due to other funds	2,207	1,413	2,186	1,434
Total liabilities	$ 40,998	$ 607,532	$ 619,741	$ 28,789
Totals — All Agency Funds				
Assets:				
Cash and short-term investments	$176,720	$2,502,408	$2,375,189	$303,939
Investments	234,155	690,359	660,423	264,091
Other accounts receivable	13,359	226,215	234,785	4,789
Due from other funds	168,561	186,713	272,470	82,804
Total assets	$592,795	$3,605,695	$3,542,867	$655,623
Liabilities:				
Accounts payable and accrued liabilities	$ 42,758	$ 615,306	$ 626,229	$ 31,835
Due to other funds	4,617	2,427	4,596	2,448
Accounts payable to political subdivisions and local income tax refunds	316,509	1,288,806	1,249,236	356,079
Deferred compensation benefits	228,911	50,057	13,707	265,261
Total liabilities	$592,795	$1,956,596	$1,893,768	$655,623

STATE OF MARYLAND

Schedule of Fixed Assets and Accumulated Depreciation

June 30, 1987

(Expressed in Thousands)

	Land and Improvements	Structure and Improvements	Equipment	Construction in Progress	Total Cost	Accumulated Depreciation	Total Cost Less Accumulated Depreciation
Proprietary Fund Type (By Fund)							
Economic Development—Loan Programs			$ 579		$ 579		$ 579
Maryland Food Center Authority	$ 8,574	$ 9,848	326		18,748	2,055	16,693
Maryland Transportation Authority		1,665,075			1,665,075		1,665,075
Maryland State Lottery			18,261		18,261	14,302	3,959
Maryland Environmental Service		20,998	3,666		24,664	11,063	13,601
State Use Industries		225	3,316		3,541	2,021	1,520
Maryland Higher Education Loan Corporation			213		213	107	106
Maryland Deposit Insurance Fund Corporation			223		223	127	96
Total	$ 8,574	$1,696,146	$ 26,584		$1,731,304	$29,675	$1,701,629
Fiduciary Fund Types							
Nonexpendable Trust Fund	$ 164		$ 1,775		$ 1,939	$ 452	$ 1,487
General Fixed Assets (By Function)							
General government	$ 24,237	$ 261,571	$ 59,751	$ 13,055	$ 358,614		$ 358,614
Education		14,344	8,106		22,450		22,450
Human resources	357	5,167	19,743		25,267		25,267
Health and mental hygiene	22,878	245,331	42,801	28,481	339,491		339,491
Transportation	220,233	1,113,331	393,532	249,099	1,976,195		1,976,195
Public safety and judicial	20,885	271,137	79,283	7,308	378,613		378,613
Economic and community development	2,425	5,283	2,602	4,266	14,576		14,576
Natural resources and recreation	221,560	47,081	25,784	10,566	304,991		304,991
Agriculture	66	14,861	6,351	536	21,814		21,814
Personnel and retirement			1,309		1,309		1,309
Total	$512,641	$1,978,106	$639,262	$313,311	$3,443,320		$3,443,320
Higher Education	$ 53,383	$ 757,734	$421,966	$ 67,433	$1,300,516		$1,300,516

STATE OF MARYLAND

Schedule of Changes in General Fixed Assets by Function

for the year ended June 30, 1987

(Expressed in Thousands)

	Balance July 1, 1986	Additions	Deletions	Transfer In (Out)	Balance June 30, 1987
Function:					
General Government	$ 352,645	$12,249	$ 6,206	$(74)	$ 358,614
Education	21,852	912	314		22,450
Human resources	23,883	1,947	563		25,267
Health and mental hygiene	325,574	15,283	1,366		339,491
Transportation	1,807,228	178,384	9,341	(76)	1,976,195
Public safety and judicial	316,780	66,504	4,821	150	378,613
Economic and community development	13,771	1,033	228		14,576
Natural resources and recreation	283,661	27,089	5,759		304,991
Agriculture	20,274	1,706	166		21,814
Personnel and retirement	1,188	145	24		1,309
Total	$3,166,856	$305,252	$28,788	$ -0-	$3,443,320

STATE OF MARYLAND

Schedule of Estimated and Actual Revenues By Source — Budgetary Basis

for the year ended June 30, 1986

(Expressed in Thousands)

	Annual Budgeted Funds												
	General Fund		Special Fund		Federal Fund		Higher Education Funds				Capital Projects Fund	Other Funds	Total
							Current Unrestricted Fund		Current Restricted Fund				
	Estimated Revenues	Actual Revenues	Estimated Revenues	Actual Revenues	Estimated Revenues	Actual Revenues	Estimated Revenues	Actual Revenues	Estimated Revenues	Actual Revenues	Actual Revenues	Actual Revenues	Actual Revenues
Taxes:													
Property tax	$ 44,814		$ 156,380	$ 126,625								$ 75,164	$ 201,789
Franchise and corporation tax	123,575	$ 121,408	3,960	6,656									128,064
Death taxes	46,898	50,323											50,323
Recordation tax		130										1,122	1,252
Admission and amusement tax			1,144	1,014									1,014
Alcoholic beverages tax	18,650	19,596	9,200	9,466									29,063
Motor vehicle fuel taxes	6,700		323,491	328,335									328,335
Income taxes	2,219,278	2,321,966	95,122	97,041									2,419,007
Retail sales and use taxes	1,299,195	1,302,463											1,302,463
Cigarette tax	51,300	51,107	15,000	14,755									65,862
Other tobacco taxes		123	31	56									179
Motor vehicle titling taxes	1,150		317,000	339,497									339,497
Insurance company taxes	112,070	120,653											120,653
Horse racing taxes	1,994		1,946	2,450									2,450
Shellfish taxes			3,093	577									577
Boxing, wrestling or sparring taxes	385	519											519
Apple tax			33	29									29
Boat titling tax			16,893	18,220									18,220
Energy generation tax			5,445	4,441									4,441
Emergency telephone system tax			8,995	7,498									7,498
Unemployment insurance taxes												220,575	220,575
Total taxes	3,926,009	3,988,289	957,733	956,660								296,861	5,241,810
Other:													
Licenses and permits	24,091	23,210	127,320	119,027								6,813	149,050
Fees for services	16,360	18,608	108,374	108,374		$ 7						220,247	350,511
Fines and costs	42,491	44,692	2,426	4,716								4,021	53,429
Sales to the public	1,667	2,113	28,164	31,227		(10)						408,389	441,719
Commissions and royalties	64	92	37,167	19,095		1						(5)	19,183
Rentals	660	677	25,029	34,502								1,694	36,873
Interest on investments	31,062	39,454	29,517	13,898		180					$ 5,317	915,950	974,799
Interest on loan repayments			14,235	16,070								266	16,336
Miscellaneous	20,257	48,194	186,123	115,534	$ 906	104						(119,301)	44,531
Colleges and Universities	379	188					$849,412	$868,897	$181,957	$177,139		2,684	1,048,908
Federal reimbursements and grants	66,567	48,557	10,039	22,845	1,574,896	1,503,615						19,075	1,594,092
Other reimbursements	26,289	28,051	236,075	85,519		1,301						1,088	112,959
Provisions for refunds												1,259	1,259
Bond issues:													
State—general purpose				275							164,645		164,920
Consolidated Transportation Bonds				98,944								12,202	111,146
Obligations under capital leases											12,743		12,743
Loan repayments				2,215								3,125	5,340
State reimbursements	332,384	385,593	269,395	222,320	38,372	5,274					31,600	75,039	717,826
Trust funds			5,221	5,064								15,168	20,232
Revolving accounts		1	18,411	22,434		402					2,897	(1,515)	24,219
Reduction of expenditures	335	1,297		51								(2)	1,346
Advance collections				582								236	818
Contributions												644,528	644,528
Total revenues	$4,488,615	$4,627,016	$2,055,193	$1,879,627	$1,614,174	$1,510,874	$849,412	$868,897	$181,957	$177,139	$217,202	$2,507,822	$11,788,577

STATE OF MARYLAND

Schedule of Budget and Actual Expenditures and Encumbrances by Major Function—Budgetary Basis

for the year ended June 30, 1987

(Expressed in Thousands)

	Annual Budgeted Funds												
	General Fund		Special Fund		Federal Fund		Higher Education Funds				Capital Projects Fund	Other Funds	Total
							Current Unrestricted Fund		Current Restricted Fund				
	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual	Actual	Actual	Actual
Payments of revenue to civil divisions of the State	$ 64,500	$ 64,178	$ 36,839	$ 35,929									$ 100,107
Public debt	86,000	86,000	309,963	309,963									395,963
Legislative	28,375	27,799	60	11									27,810
Judicial review and legal	111,877	111,781	1,292	1,252	$ 949	$ 829						$ 6,502	120,364
Executive and administrative control	43,012	42,433	2,838	2,416	20,608	19,036						2,787	66,672
Financial and revenue administration	121,734	117,937	31,776	29,971								406,675	554,583
Budgetary and fiscal administration	5,586	5,472	249	216									5,688
Personnel administration, retirement and employee relations	12,090	10,364	17,774	17,328								615,461	643,153
State planning	4,551	4,448	885	688	601	161						24	5,321
General services	31,703	31,525	550	212								(611)	31,126
Transportation and highways			1,167,211	1,127,848	514,557	464,771						149,430	1,742,049
Natural resources and recreation	52,932	52,903	82,583	78,721	11,934	9,745						14,947	156,316
Agriculture	15,894	15,434	12,005	11,679	2,472	2,435						1,169	30,717
Health, hospitals and mental hygiene	1,097,556	1,095,734	58,253	44,825	423,852	416,162						(5,568)	1,551,153
Human resources	304,781	292,292	27,488	21,046	310,243	290,680						(6,027)	597,991
Licensing and regulation	37,603	37,603	179,769	161,914	3,330	3,156						(24,095)	178,578
Public safety and correctional services	406,130	405,735	47,848	43,133	3,561	2,982						884	452,734
Public education	2,005,388	2,001,352	26,008	25,036	207,679	201,577	$849,412	$843,509	$181,957	$177,192		13,974	3,262,640
Economic and community development	33,389	33,297	49,060	28,383	20,087	19,181						104,032	184,893
Employment and training	3,664	3,664	2,742	2,562	94,301	82,260						218,799	307,285
Construction reimbursement	50,000	50,000											50,000
Loan accounts											$265,445		265,445
Miscellaneous												23,187	23,187
Reversions:													
Current year reversions	(15,000)												
Prior year reversions		(3,049)		(9,654)		(3,448)		(1,641)		(25)			(17,817)
Total expenditures and and encumbrances	$4,501,765	$4,486,902	2,055,193	$1,933,479	$1,614,174	$1,509,527	$849,412	$841,868	$181,957	$177,167	$265,445	$1,521,570	$10,735,958

STATE OF MARYLAND

Schedule of Changes in Fund Equities — Budgetary Basis

for the year ended June 30, 1987

(Expressed in Thousands)

		Special Fund			Higher Education				
	General Fund	Other Special	Debt Service	Federal Fund	Current Unrestricted Fund	Current Restricted Fund	Capital Projects Fund	Other Funds	Total
Fund equities, July 1, 1986	$ 77,207	$ 317,146	$109,184		$ 98,156	$ 1,869	$121,385	$9,001,802	$ 9,726,749
Increase:									
Revenues	4,627,016	1,592,808	286,819	$1,510,874	868,897	177,139	217,202	2,507,822	11,788,577
Decrease:									
Appropriations	4,516,765	1,745,230	309,963	1,614,174	849,412	181,957			
Less: Current year reversions	(26,814)	(112,060)		(101,199)	(5,903)	(4,765)			
Prior year reversions	(3,049)	(9,654)		(3,448)	(1,641)	(25)			
Expenditures and encumbrances	4,486,902	1,623,516	309,963	1,509,527	841,868	177,167	265,445	1,521,570	10,735,958
Changes to encumbrances during fiscal year 1987	(15,922)	(11,378)		1,721	(5,179)	28			(30,730)
Expenditures	4,470,980	1,612,138	309,963	1,511,248	836,689	177,195	264,445	1,521,570	10,705,228
Transfers in (out)	65,002	20,871	671	374	(111)	129	(154)	(86,782)	
Changes in contributed capital								11,084	11,084
Decrease in unrealized market appreciation of investments								(7,373)	(7,373)
Defeasance of bonds								(116,182)	(116,182)
Cummulative effect of accounting change								46,111[1]	46,111
Fund equities, June 30, 1987	$ 298,245	$ 318,687	$ 86,711	$ -0-	$130,253	$ 1,942	$ 72,988	$9,834,912	$10,743,738
Invested in fixed assets								$1,209,338	$ 1,209,338
Contributed Capital								982,292	982,292
Capital deposits by members								144,224	144,224
Retained earnings:									
Reserved								171,296	171,296
Unreserved								572,509	572,509
Fund Balance:									
Reserved:									
Encumbrances	$ 38,480	$ 44,037		$ 23,053	$ 14,352	$ 2	$259,079		379,003
Loans and notes receivable			$ 20,135						20,135
Loans to other funds	1,945								1,945
Revenue stabilization	50,000								50,000
Higher education programs								34,604	34,604
Shore erosion loan programs		12,108							12,108
Endowment and similar funds								35,238	35,238
Pension benefits								6,141,605	6,141,605
Workers' compensation benefits								74,816	74,816
Unemployment compensation benefits								596,324	596,324
Unrealized market appreciation on investments								10,935	10,935
Unreserved:									
Designated for:									
General long-term debt service			66,576						66,576
Transportation debt service								70,752	70,752
Fiscal year 1988 operations	31,241								31,241
Undesignated (deficit)	176,579	262,542		(23,053)	115,901	1,940	(186,091)	(209,021)	138,797
Total	$ 298,245	$ 318,687	$ 86,711	$ -0-	$130,253	$ 1,942	$ 72,988	$9,834,912	$10,743,738

(1) Beginning with fiscal year 1987, the liability for anticipated claims and claims expenses of the State Accident Fund has been discounted to present value. The liability was not discounted in prior years. This amount represents the cumulative effect, as of July 1, 1986, of the accounting change.

STATE OF MARYLAND

Schedule of Funds Transferred to Political Subdivisions

for the year ended June 30, 1987

(Expressed in Thousands)

Subdivision	State Sources				Other Sources				
	Shared Revenues	Direct Grants and Appropriations	Debt Service	Total	Federal funds	State Administered Local Revenue	Total	Assessed Value of Real and Personal Property (2)	Amount Per $100 of Assessed Value
Allegany	$ 2,881	$ 37,536	$ 5,747	$ 46,164	$ 7,929	$ 9,463	$ 63,556	$ 844,115	$ 7.53
Anne Arundel	13,977	150,492	24,347	188,816	18,685	113,035	320,536	6,195,629	5.17
Baltimore County	24,992	217,436	15,181	257,609	24,786	194,896	477,291	9,493,629	5.03
Calvert	1,918	17,035	3,683	22,636	2,866	5,374	30,876	1,323,798	2.33
Caroline	1,803	12,828	2,062	16,693	2,761	3,419	22,873	222,310	10.29
Carroll	4,833	44,214	6,729	55,776	4,844	27,816	88,436	1,395,289	6.34
Cecil	3,064	31,581	3,411	38,056	4,635	11,302	53,993	700,518	7.71
Charles	3,698	45,002	7,819	56,519	6,060	19,639	82,218	1,371,295	6.00
Dorchester	2,106	14,787	4,204	21,097	3,681	4,151	28,929	367,322	7.88
Frederick	5,621	54,788	9,683	70,092	6,180	32,605	108,877	1,735,853	6.27
Garrett	2,399	15,855	3,113	21,367	3,297	3,267	27,931	369,524	7.56
Harford	5,563	68,824	11,038	85,425	9,190	38,226	132,841	1,843,641	7.21
Howard	5,585	53,805	11,058	70,448	4,332	53,572	128,352	3,012,410	4.26
Kent	1,086	7,746	1,016	9,848	1,300	3,026	14,174	232,656	6.09
Montgomery	18,471	185,872	19,797	224,140	23,645	258,005	505,790	15,798,757	3.20
Prince George's	16,743	267,123	20,720	304,586	38,391	155,013	497,990	9,097,522	5.47
Queen Anne's	2,063	12,976	1,736	16,775	2,494	6,538	25,807	459,838	5.61
St. Mary's	2,816	28,736	4,163	35,715	4,723	12,219	52,657	777,122	6.78
Somerset	1,377	10,327	2,985	14,689	2,901	2 194	19,784	188,076	10.52
Talbot	1,752	8,266	950	10,968	1,652	6,012	18,632	612,069	3.04
Washington	4,279	46,846	6,321	57,446	8,321	19,291	85,058	1,202,048	7.08
Wicomico	3,487	29,857	3,897	37,241	5,634	12,169	55,044	851,204	6.47
Worcester	2,232	10,393	2,978	15,603	2,678	4,319	22,600	1,414,677	1.60
Baltimore City	122,445	493,395	32,060	647,900	160,138	118,874	926,912	5,966,897	15.53
Total	$255,191	$1,865,720	$204,698	$2,325,609	$351,123	$1,114,425	$3,791,157	$65,476,199	

(1) In addition to the amounts shown for counties and Baltimore City, $47,096,000 was distributed to municipalities within the counties.

(2) Source: Forty-third Report of the Department of Assessments and Taxation, dated January 1987. Amounts shown are the local subdivision's assessable base only.

STATE OF MARYLAND

Schedule of Taxes Receivable from Collectors of State Property Taxes

June 30, 1987

(Expressed in Thousands)

Political Subdivision	Taxes Receivable		
	Current Year	Prior Years	Total
Allegany	$ 87	$ 76	$ 163
Anne Arundel	53	30	83
Baltimore County	37	216	253
Calvert	88	(1)	87
Caroline	25	1	26
Carroll	31	10	41
Cecil	576	42	618
Charles	13	17	30
Dorchester	55	29	84
Frederick	226	4	230
Garrett	65	3	68
Harford	29	12	41
Howard	126	80	206
Kent	35		35
Montgomery	146	504	650
Prince George's	49	159	208
Queen Anne's	5	1	6
St. Mary's	102	51	153
Somerset	43	20	63
Talbot	12	13	25
Washington	140	36	176
Wicomico	96	14	110
Worcester	121	20	141
Baltimore City	96	311	407
Total	$2,256	$1,648	$3,904

STATE OF MARYLAND

Schedule of Estimated Revenues — Budgetary Basis

for the year ending June 30, 1988

(Expressed in Thousands)

	General Fund	Special Fund	Federal Fund	Current Unrestricted Fund	Current Restricted Fund	Total
Property taxes	$ 35,252	$ 160,416 (1)				$ 195,668
Franchise and corporation taxes	134,890	6,475				141,365
Death taxes	50,308					50,308
Alcoholic beverage taxes and licenses	19,050	9,200				28,250
Admission taxes		1,117				1,117
Motor vehicle fuel taxes and licenses	10,000	442,500				452,500
Income taxes	2,444,864	123,823				2,568,687
Retail sales and use tax and licenses	1,373,018					1,373,018
State tobacco tax and licenses	50,900	14,800				65,700
Motor vehicle tax and licenses	1,250	475,415				476,665
Insurance company taxes, licenses and fees	128,585					128,585
Horse race taxes and licenses	1,994	1,996				3,990
District courts fines and costs	43,500					43,500
Interest on investments	22,000	5,000				27,000
Hospital patient recoveries	89,417					89,417
Miscellaneous taxes, fees and other revenues	21,871	20,123 (2)				41,994
Legislative	553	60				613
Judicial review and legal	18,129	1,331	$ 1,103			20,563
Executive and administrative control		2,177	21,262			23,439
Financial and revenue administration	363,194	22,150	987			386,331
Budgetary and fiscal administration	600	174				774
Personnel administration, retirement and employee relations	425	18,895				19,320
State planning		869	476			1,345
General services	76	457				533
Transportation and highways		211,264	501,146			712,410
Natural resources and recreation	20	35,474	9,200			44,694
Agriculture	76	9,402	2,131			11,609
Health, hospitals and mental hygiene	9,415	59,327	464,046			532,788
Human resources	6,195	51,544	310,020			367,759
Licensing and regulation	8,185	2,142	3,137			13,464
Public safety and correctional services	637	32,251	3,963			36,851
Public education	324	24,660	209,338	$900,980	$180,996	1,316,298
Economic and community development		42,451	29,468			71,919
Employment and training		1,903	86,427			88,330
State reserve fund		2,000				2,000
Total	4,834,728	1,779,396	1,642,704	900,980	180,996	9,338,804
Transfers from other funds	11,000					11,000
Total estimated revenues	$4,845,728	$1,779,396	$1,642,704	$900,980	$180,996	$9,349,804 (3)

(1) Includes $131,416,000 recorded as Debt Service Fund for accounting purposes.

(2) Includes $16,035,000 recorded as Debt Service Fund for accounting purposes.

(3) Amounts are estimated at July 1, 1987, and do not reflect revisions, if any, subsequent to that date.

STATE OF MARYLAND

Schedule of General, Special, Federal, Current Unrestricted and Current Restricted Fund Appropriations—Budgetary Basis

for the year ending June 30, 1988

(Expressed in Thousands)

Functions	General Fund	Special Fund	Federal Fund	Current Unrestricted Fund	Current Restricted Fund	Total
Payments of revenue to civil divisions of the State	$ 69,000	$ 34,774				$ 103,774
Public debt	88,000	147,451 [1]				235,451
Legislative	30,223	60				30,283
Judicial review and legal	115,081	1,331	$ 1,103			117,515
Executive and administrative control	57,458	2,177	21,262			80,897
Financial and revenue administration	151,564	32,118	987			184,669
Budgetary and fiscal administration	5,509	174				5,683
Personnel administration, retirement and employee relations	74,938	18,895				93,833
State planning	4,600	869	476			5,945
General services	33,237	457				33,694
Transportation and highways		1,239,000	501,146			1,740,146
Natural resources and recreation	53,044	67,243	9,200			129,487
Agriculture	16,595	10,362	2,131			29,088
Health, hospitals and mental hygiene	1,179,684	59,327	464,046			1,703,057
Human resources	322,871	51,544	310,020			684,435
Licensing and regulation	23,566	2,142	3,137			28,845
Public safety and correctional services	431,056	40,108	3,963			475,127
Public education	2,143,264	25,010	209,338	$900,980	$180,996	3,459,588
Economic and community development	50,647	42,451	29,468			122,566
Employment and training	3,633	1,903	86,427			91,963
State reserve fund	38,000	2,000				40,000
Total appropriations	$4,891,970	$1,779,396	$1,642,704	$900,980	$180,996	$9,396,046 [2]

(1) Recorded as Debt Service Fund for accounting purposes.

(2) Amounts are reported as of July 1, 1987, and do not reflect revisions, if any, subsequent to that date.

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STATISTICAL SECTION

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STATE OF MARYLAND
Schedule of General Government Revenues by Source, Expenditures by Function and Other Sources (Uses) of Financial Resources and Changes in Fund Balances General, Special Revenue, Debt Service and Capital Projects Funds Last Ten Fiscal Years
(Expressed in Thousands)

	Year ended June 30,									
	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978
Revenues:										
Income taxes	$2,540,426	$2,140,594	$1,968,106	$1,803,939	$1,558,515	$1,452,355	$1,363,909	$1,219,352	$1,107,459	$ 996,920
Retail sales and use taxes	1,302,463	1,189,603	1,098,445	988,284	865,087	797,397	753,674	712,815	699,188	628,059
Motor vehicle taxes and fees	794,946	741,940	683,774	635,602	518,274	436,633	417,302	414,178	431,010	415,057
Other taxes	751,081	641,767	584,254	574,353	550,664	510,021	478,221	438,558	395,457	354,245
Other licenses and fees	102,285	91,104	77,497	70,387	57,488	49,426	38,463	35,882	35,732	36,404
Charges for services	284,983	238,862	266,453	229,160	185,585	193,157	174,986	143,331	117,219	190,156
Interest and other investment income	65,436	94,464	104,262	84,421	96,621	124,999	115,358	111,239	79,554	34,807
Other	174,834	173,133	134,298	111,128	87,588	80,872	107,517	123,157	135,679	41,028
Gain on exchange of securities	39,543	53,337								
Federal revenue	1,493,164	1,386,667	1,253,000	1,146,614	1,097,953	928,906	1,029,790	996,053	881,964	834,945
Total revenues	7,549,161	6,751,471	6,170,089	5,643,888	5,017,775	4,573,766	4,479,220	4,194,565	3,883,262	3,531,621
Expenditures:										
Current:										
General government	266,251	248,951	233,441	199,323	217,869	205,972	197,909	248,079	147,529	202,922
Education	1,621,797	1,516,492	1,422,008	983,603	956,799	934,163	891,961	816,402	740,997	693,981
Human resources	680,408	674,346	602,396	543,078	521,613	465,299	510,244	426,150	375,058	350,067
Health and mental hygiene	1,567,412	1,406,629	1,265,849	1,131,159	1,025,195	896,743	860,286	769,676	657,604	590,447
Transportation	486,551	544,004	414,230	380,167	330,262 [4]	666,070	655,324	619,629	571,347	614,773
Public saftey and judicial	536,267	471,621	433,904	317,823	333,387	286,223	270,379	266,028	271,390	207,704
Economic and community development	39,890	26,434	27,172	24,088	21,137	17,238	18,464	13,754	10,719	9,457
Natural resources and recreation	94,254	82,787	73,952	59,259	59,487	53,974	56,238	42,022	44,809	43,577
Agriculture	31,453	27,909	23,341	20,650	18,655	16,662	13,232	9,971	9,162	8,280
Personnel and retirement	21,773	21,273	31,784 [6]	505,587	414,860	334,725	333,892	323,618	308,033	260,790
Intergovernmental	690,520	497,158	525,623	513,755	410,436	376,043	466,260	392,772	390,334	[1]
Debt service	444,079	455,880	433,482	425,977	436,328	411,313	315,868	293,895	269,810	283,321
Capital outlay	833,923	685,516	573,053	485,615	595,474	128,424	96,787	70,249	58,801	282,384
Total expenditures	7,314,578	6,659,000	6,060,235	5,590,084	5,341,502	4,792,849	4,686,844	4,292,245	3,855,593	3,547,703
Excess (deficiency) of revenues over expenditures	234,583	92,471	109,854	53,804	(323,727)	(219,083)	(207,624)	(97,680)	27,669	(16,082)
Other sources (uses) of financial resources:										
Proceeds from capital leases	12,743									
Proceeds from bond issues	275,068	133,380	163,200	146,470	473,105	253,880	444,335	162,310	120,000	218,145
Proceeds from refunding bonds	29,053									
Operating transfers in	332,366	323,423	252,517	211,935	201,668	208,341	171,422	166,702	130,081	112,947
Operating transfers out	(478,367)	(582,044)	(383,393)	(363,309)	(362,651)	(322,959)	(308,330)	(292,657)	(258,497)	(170,662)
Defeasance of bonds	(155,725)	(354,865)								
Payment to refunded bond escrow agent	(29,053)									
Net other sources (uses) of financial resources	(13,915)	(480,106)	32,324	(4,904)	312,122	139,262	307,427	36,355	(8,416)	160,430
Excess (deficiency) of revenues over expenditures and net other sources (uses) of financial resources	220,668	(387,635)	142,178	48,900	(11,605)	(79,821)	99,803	(61,325)	19,253	144,348
Fund balance, July 1	517,006	904,641	762,463	713,563	717,168	803,584	693,781	742,106	514,366	370,018
Adjustments						(6,595) [3]			208,487 [2]	
Fund balance, July 1, as restated	517,006	904,641	762,463	713,563	717,168	796,989	693,781	742,106	722,853	370,018
Equity transfers					8,000 [5]		10,000	[1]		
Fund balance, June 30	$ 737,674	$ 517,006	$ 904,641	$ 762,463	$ 713,563	$ 717,168	$ 803,584	$ [illegible]	$ 742,106	$ 514,366

Source: General Accounting Division, State Comptroller's Office

(1) Intergovernmental expenditures for 1978 is included in current and capital outlay expenditures.

(2) Certain adjustments were made to fund balances as of July 1, 1978 to present the financial statements for the year ended June 30, 1979 in conformity with generally accepted accounting principles. These adjustments principally consist of adjustments to revenues and expenditures of prior years reported in Budgetary Funds. It is not practicable to adjust the financial statements of prior years to reflect these adjustments.

(3) Effective July 1, 1981, the Maryland Higher Education Loan Corporation's activities were recorded in the enterprise funds and its beginning equity was reclassified from the general fund balance to retained earnings in the enterprise funds.

(4) Effective July 1, 1982, capital outlays for transportation projects are reported in Capital Outlays instead of Transportation.

(5) During 1983 the Lottery returned $8,000,000 to the General Fund. This return of contributed capital has been reported as an equity transfer.

(6) Effective July 1, 1984 fringe benefit costs are allocated to the various governmental functions.

STATE OF MARYLAND

Schedule of Property Tax Levies and Collections

Last Ten Fiscal Years

(Expressed in Thousands)

Fiscal Year	Total Tax Levy	Current Tax Collections	Percentage of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percentage of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Tax Levy
1987	$121,289	$119,032	98.14%	$1,779	$120,811	99.61%	$3,904	3.22%
1986	110,507	108,824	98.48	2,582	111,406	100.81	3,606	3.26
1985	101,302	98,706	97.44	5,510	104,216	102.88	5,332	5.26
1984	116,737	111,254	95.30	4,390	115,644	99.06	8,362	7.16
1983	110,224	104,724	95.01	3,899	108,623	98.55	7,269	6.59
1982	101,418	97,200	95.84	1,888	99,088	97.70	5,668	5.59
1981	88,873	86,320	97.13	2,114	88,434	99.51	3,338	3.76
1980	82,777	80,668	97.45	2,183	82,851	100.09	2,899	3.50
1979	72,932	70,978	97.32	1,661	72,639	99.60	2,973	4.08
1978	79,935	77,703	97.21	2,404	80,107	100.22	2,680	3.35

Source: State Comptroller's Office

STATE OF MARYLAND

Schedule of Assessed and Estimated Actual

Value of Taxable Property

Last Ten Fiscal Years

(Expressed in Thousands)

	Real Property		Personal Property		Total		Ratio of Total Assessed to Total Estimated Actual Value
Fiscal Year	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
1987	$54,469,062	$125,288,239	$18,608,122	$18,608,122	$73,077,184	$143,896,361	50.8%
1986	49,783,232	114,510,022	16,619,926	16,619,926	66,403,158	131,129,948	50.6
1985	45,115,407	103,731,464	15,717,115	15,717,115	60,832,522	119,448,579	50.9
1984	41,315,153	93,342,897	15,384,517	15,384,517	56,699,670	108,727,414	52.1
1983	37,955,616	83,173,437	14,270,604	14,270,604	52,226,220	97,444,041	53.6
1982	35,220,079	74,936,338	12,544,327	12,544,327	47,764,406	87,480,665	54.6
1981	32,352,018	68,834,081	11,342,424	11,342,424	43,694,442	80,176,505	54.5
1980	30,912,809	65,771,934	10,290,728	10,290,728	41,203,537	76,062,662	54.2
1979	26,911,027	57,257,504	9,470,369	9,470,369	36,381,396	66,727,873	54.5
1978	25,595,978	51,191,956	9,050,193	9,050,193	34,646,171	60,242,149	57.5

Source: The Thirty-fourth through Forty-third Report of the State Department of Assessments and Taxation.

STATE OF MARYLAND

Schedule of Property Tax Rates—
(Per $100 of Assessed Value)
All Overlapping Governments
Last Ten Fiscal Years

	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978
State of Maryland	$ .21	$ .21	$ .21	$ .21	$ .21	$ .21	$ .20	$ .20	$ .23	$ .23
Subdivisions:										
Allegany	2.50	2.70	2.56	2.49	2.11	2.21	2.22	2.19	2.35	2.42
Anne Arundel	2.51	2.57	2.68	2.68	2.31	2.46	2.23	2.15	2.15	2.42
Baltimore County	2.89	3.00	3.12	2.99	2.95	2.98	2.93	2.93	2.99	3.05
Calvert	1.96	1.96	1.96	1.96	1.96	1.96	2.00	2.00	2.10	2.30
Caroline	2.31	2.31	2.31	2.16	2.16	2.16	2.16	2.16	2.30	2.38
Carroll	2.03	2.03	2.08	2.04	2.04	2.12	2.12	1.93	2.15	2.40
Cecil	2.55	2.62	2.65	2.65	2.40	2.40	2.40	2.30	2.35	2.50
Charles	2.28	2.28	2.30	2.27	2.17	2.17	2.07	2.14	2.14	2.27
Dorchester	2.24	2.24	2.24	2.24	2.24	2.24	2.29	2.34	2.45	2.59
Frederick	2.19	2.22	2.25	2.25	2.25	2.28	2.28	2.11	2.23	2.40
Garrett	2.36	2.52	2.68	2.83	3.02	3.22	3.31	2.37	2.45	2.63
Harford	2.73	2.73	2.73	2.73	2.55	2.55	2.43	2.71	2.44	2.75
Howard	2.27	2.49	2.54	2.57	2.39	2.45	2.23	2.28	2.43	2.63
Kent	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.05	2.34
Montgomery	2.08	2.04	2.06	2.26	2.27	2.27	2.34	2.35	2.60	2.73
Prince George's	2.40	2.40	2.43	2.54	2.63	2.60	2.69	3.04	3.31	3.41
Queen Anne's	2.00	2.00	2.00	2.00	1.94	1.94	1.94	1.44	1.44	1.58
St. Mary's	2.14	1.99	1.90	1.90	1.80	1.80	1.80	1.80	1.90	1.90
Somerset	1.90	1.90	1.99	1.99	1.99	1.99	1.99	2.01	2.15	2.15
Talbot	1.01	1.09	1.18	1.27	1.34	1.42	1.49	1.51	1.69	1.75
Washington	2.05	2.05	2.05	1.98	1.98	2.07	2.19	2.21	2.46	2.50
Wicomico	1.85	1.76	1.78	1.78	1.78	1.78	1.78	1.70	1.60	1.73
Worcester	1.49	1.45	1.51	1.51	1.55	1.59	1.53	1.38	1.60	1.60
Baltimore City	6.00	6.00	6.00	5.99	5.96	5.97	5.93	5.94	5.97	5.99

Source: The Thirty-fourth through Forty-third Report of the State Department of Assessments and Taxation.

STATE OF MARYLAND

Schedule of Ratio of General Long-Term Debt
To Assessed Value and General Long-Term Debt Per Capita
Last Ten Fiscal Years

Fiscal Year	(Expressed in Thousands) Estimated Population[1]	Assessed Value	General Long-term Debt[2][3]	Ratio of General Long-term Debt to Assessed Value	General Long-term Debt per Capita
1987	4,464	$73,077,184	$2,417,980	3.31%	$542
1986	4,396	66,403,158	2,395,820	3.61	545
1985	4,388	60,832,522	3,027,555	4.98	690
1984	4,354	56,699,670	3,090,800	5.45	710
1983	4,319	52,226,220	3,167,090	6.06	733
1982	4,265	47,764,406	2,952,610	6.18	692
1981	4,216	43,694,442	2,943,560	6.74	698
1980	4,193	41,203,537	2,669,365	6.48	637
1979	4,149	36,381,396	2,669,310	7.34	643
1978	4,148	34,646,171	2,684,455	7.74	647

(1) Source: Forty-third Report of the State Department of Assessments and Taxation, dated January 1987. Amounts shown are the State's assessable base only.

(2) Source: State Comptroller's Office

(3) Includes all long-term general obligation and transportation bonds.

STATE OF MARYLAND

Schedule of Ratio of Annual Debt Service for General Long-Term Debt to Total General Expenditures

Last Ten Fiscal Years

Fiscal Year	(Expressed in Thousands) Principal	Interest	Total Debt Service	Total General Expenditures	Ratio of Debt Service to General Expenditures (Percent)
1987	$258,395	$185,684	$444,079	$6,626,656	6.70%
1986	254,525	201,355	455,880	6,232,105	7.32
1985	226,445	207,037	433,482	5,618,058	7.72
1984	228,760	197,217	425,977	5,255,843	8.10
1983	192,625	183,703	376,328	4,907,011	7.67
1982	184,830	166,483	351,313	4,719,043	7.44
1981	173,015	142,853	315,868	4,726,965	6.68
1980	159,985	133,910	293,895	4,198,951	7.00
1979	133,969	135,841	269,810	3,766,208	7.16
1978	149,739	133,582	283,321	3,323,034	8.53

(1) Excludes $60,000,000 of Bond Anticipation Notes for the Department of Transportation which were refinanced in the fiscal year 1983 and 1982, respectively.

(2) Total general governmental expenditures plus net operating transfers less capital outlays.

Source: General Accounting Division, State Comptroller's Office

STATE OF MARYLAND

Schedule of Revenue Bond Coverage

Last Nine Fiscal Years

(Expressed in Thousands)

	MARYLAND TRANSPORTATION AUTHORITY						
Fiscal Year	Gross Revenues	Direct Operating Expenses	Net Revenue Available For Debt Service	Debt Service Requirements Principal	Interest	Total	Coverage
1987	$100,235	$27,731	$72,504		$17,236	$17,236	4.21
1986	90,639	24,259	66,380	$1,180	12,794	13,974	4.75
1985	74,343	20,794	53,549	1,105	7,709	8,814	6.08
1984	71,549	18,950	52,599	1,035	7,764	8,799	5.98
1983	67,411	17,759	49,652	970	7,815	8,785	5.65
1982	65,014	16,713	48,301	905	7,861	8,766	5.51
1981	63,797	15,436	48,361	850	7,903	8,753	5.53
1980	60,763	13,597	47,166	795	7,941	8,736	5.40
1979	50,591	11,073	39,518	745	7,975	8,720	4.53

(1) Presented for the period August 24, 1978 through June 30, 1979, the period since the operations of its transportation facilities were combined.

Source: Maryland Transportation Authority

STATE OF MARYLAND

Schedule of Taxes Pledged to Consolidated Transportation Bonds and Net Revenues as Defined for Purposes of Consolidated Transportation Bonds Coverage Tests

Last Ten Fiscal Years

(Expressed in Thousands)

	Year ended June 30,									
	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978
Revenues:										
Taxes and fees:										
Taxes pledged to bonds	$480,513	$438,886	$403,372	$375,075	$297,593	$245,732	$236,588	$216,428	$227,546	$216,734
Other taxes and fees	134,086	127,130	118,161	126,861	106,944	102,956	105,680	59,926	61,094	59,211
Total taxes and fees	614,599	566,016	521,533	501,936	404,537	348,688	342,268	276,354	288,640	275,945
Operating revenues	129,912	126,021	126,125	121,409	100,291	96,548	87,912	80,073	67,463	61,368
Investment income	10,957	13,644	16,812	12,785	6,431	21,261	10,308	3,616	5,682	7,568
Other	4,228	5,419	3,352	4,056	1,449	971	1,046	1,299	796	670
Transfer Maryland Transportation Authority							10,000	13,000		
Total revenues	759,696	711,100	667,822	640,186	512,708	467,468	451,534	374,342	362,581	345,551
Administration, operation, and maintenance expenditures	435,281	423,502	379,563	345,469	319,923	280,561	258,506	221,438	192,828	170,235
Less federal funds	(20,801)	(19,648)	(21,245)	(20,274)	(19,221)	(30,394)	(35,160)	(16,288)	(24,191)	(11,973)
Total	414,480	403,854	358,318	325,195	300,702	250,167	223,746	205,150	168,637	158,262
Net revenues	$345,216	$307,246	$309,504	$314,991	$212,006	$217,301	$227,788	$169,192	$193,944	$187,289
Maximum annual principal and interest requirements	$ 33,594	$ 25,175	$ 46,084	$ 53,008	$ 53,008	$ 50,325	$ 50,894	$ 49,216	$ 53,065	$ 55,941
Ratio of net revenues to maximum annual principal and interest requirements	10.27	12.20	6.72	5.94	4.00	4.32	4.48	3.44	3.65	3.40
Ratio of taxes pledged to bonds to maximum annual principal and interest requirements	14.30	17.43	8.75	7.08	5.61	4.88	4.65	4.40	4.29	3.94

Source: The Secretary's Office of the Department of Transportation.

(1) Under the terms of the bond authorizing resolutions, additional Consolidation Transportation Bonds may be issued, provided, among other conditions, that (i) total receipts, less administration, operation and maintenance expenditures for the preceeding fiscal year equal at least two times maximum annual debt service on all Consolidated Transportation Bonds outstanding and to be issued and any then outstanding Maryland Port Authority Loans and that (ii) total proceeds from pledged taxes equal at least two times maximum annual debt service on all Consolidated Transportation Bonds outstanding and to be issued and any then outstanding Maryland Port Authority Loans.

STATE OF MARYLAND

Schedule of Demographic Statistics

Last Ten Fiscal Years

Fiscal Year	Population (1)	Per Capita Income (2)	School Enrollment (3)	Unemployment Rate (4)
1987	4,464,000	N/A	880,409	4.4%
1986	4,396,000	16,588	871,996	4.3
1985	4,387,000	15,864	874,540	4.4
1984	4,354,000	14,121	888,428	5.8
1983	4,319,000	12,994	909,418	8.0
1982	4,265,000	12,237	925,622	8.4
1981	4,216,000	11,533	950,548	7.3
1980	4,193,000	10,385	971,236	6.5
1979	4,149,000	9,319	1,000,435	5.9
1978	4,148,000	8,419	1,028,402	5.6

Sources:
(1) U.S. Department of Commerce, Bureau of Census
(2) U.S. Department of Commerce, Bureau of Economic Analysis
(3) State Departments of Education and Higher Education
(4) State Department of Employment and Training
N/A Not available at this date.

STATE OF MARYLAND

Schedule of Property Value and Bank Deposits

Last Ten Fiscal Years

(Expressed in Thousands)

Fiscal Year	Bank Deposits (1)	Property Value (2)			
		Commercial	Residential	Agricultural	Nontaxable
1987	N/A	$32,570,572	$89,388,948	$3,328,419	$25,990,869
1986	$30,902,272	28,675,092	82,618,032	3,126,899	24,146,836
1985	23,040,970	25,326,427	75,323,707	3,081,330	22,602,093
1984	19,874,912	22,787,607	67,645,737	2,909,553	20,992,266
1983	15,879,000	20,438,543	60,083,363	2,741,094	19,489,301
1982	13,831,000	18,742,865	53,639,482	2,553,991	16,868,085
1981	13,462,000	17,348,890	49,036,259	2,448,932	16,808,511
1980	12,727,000	16,929,467	46,452,163	2,390,304	15,235,589
1979	11,703,000	15,119,637	39,887,306	2,250,561	14,539,843
1978	10,926,000	14,253,287	34,893,405	2,045,264	12,577,964

Sources:
(1) First National Bank of Maryland
(2) State Department of Assessment and Taxation
N/A Not available at this date.

STATE OF MARYLAND

Schedule of Miscellaneous Statistics

June 30, 1987

Date of Ratification	1788
Form of government	Legislative—Executive—Judicial
Miles of State Highways	5,241
Land Area	9,874 square miles
State Police Protection:	
Number of Stations	22
Number of State Police	1,631
Higher Education (Universities, Colleges and Community Colleges):	
Number of campuses in State	32
Number of educators	6,633
Number of students	239,068
Recreation:	
Number of State Parks	44
Area of State Parks	81,796 acres
Forest	137,931 acres
Employees	88,334

Source: General Accounting Division, State Comptroller's Office

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